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TOURISM IN BIH: AN ASSESSMENT OF KEY MARKET SEGMENTS

(DRAFT)

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TABLE OF CONTENTS

INTRODUCTION	III
MARKET SEGMENTATION	1
CITY BREAKS	1
CULTURAL HERITAGE	2
RELIGIOUS HERITAGE	4
SOFT ADVENTURE	4
ECO-TOURISM	5
MICE	5
PHOENIX TOURISM	6
SPECIAL EVENTS	6
CULTURAL TOURISM	8
CYPRUS	8
I. Overview	8
II. NICHE Benchmark	10
III. Marketing Strategy	12
IV. Summary and Assessment	16
TURKEY	17
I. Overview	17
II. Niche Benchmarking	20
III. Marketing Strategy	20
CITY BREAKS	22
VIENNA	22
I. Overview	22
II. Marketing	24
PRAGUE, CZECH REPUBLIC	26
I. Overview	26
II. NICHE Benchmark	29
III. MARKETING	30
IV. Summary and Assessment	31
SOFIA - BULGARIA	32
I. Overview	32
II. Niche Benchmark (City Breaks)	33
III. Marketing Strategy	34
IV. Summary and Assessment	35
MEETINGS INCENTIVES CONFERENCES/CONVENTIONS AND EXHIBITIONS (MICE) - LAS VEGAS, USA	35
I. Overview	35
II. Niche Benchmark	36
III. Marketing Strategy	36
BARCELONA	37



I. Overview.....	37
II. Niche Benchmark.....	38
III. Marketing Strategy	42
IV. Summary	42
NEPAL	43
I. Overview.....	43
II. Niche Benchmark.....	44
III. Marketing Strategy	44
LEBANON.....	46
LEBANON.....	47
I. Overview.....	47
II. Niche Benchmark.....	48
III. Marketing Strategy	49
IV. Summary and Assessment.....	54
KEY TAKEAWAYS AND STRATEGIC RECOMMENDATIONS	57
GENERAL RECOMMENDATIONS	57
ECOTOURISM/SOFT ADVENTURE RECOMMENDATIONS	59
CULTURAL HISTORICAL RECOMMENDATIONS	60
CITY BREAKS RECOMMENDATIONS	61
MICE RECOMMENDATIONS	62
DOMESTIC TOURISM RECOMMENDATIONS.....	63
CONCLUSIONS.....	63



INTRODUCTION

The following report was prepared as a preliminary assessment of Bosnia and Herzegovina (BiH) as a destination for tourists in five main areas: Outdoor/soft adventure, Cultural Heritage, Religious Heritage, City Breaks, and Meetings Incentives Conferences/Conventions and Exhibitions (MICE).

The report describes the most relevant types of tourism to BiH including the key drivers and trends. In addition, it identifies the target market for BiH in terms of demographics and geography, and some attractions that make it an attractive destination for each type of tourism.

More specifically, the objectives of the assessment were to:

1. To assess the Unique Selling Proposition (USP) of BiH as a destination for tourists in five main areas:
 - Outdoor/soft adventure
 - Cultural heritage
 - Religious Heritage
 - City Breaks
 - MICE (lower end vs. high end)
2. To benchmark best practices of countries and regions that resembles BiH in one or more circumstances that have been successful in attracting tourists in the above market segments. This includes marketing efforts and key characteristics of the benchmark location.
3. To determine the key trends of both domestic and international tourists in BiH's surrounding countries: Croatia, Serbia and Montenegro, and Slovenia. This analysis should be done while considering BiH's tourism strategy to grow by acquiring tourists from its neighboring countries.
4. Determine the trends and major pilgrimage travel trends and source countries for each religious group (Catholic, Orthodox, Islamic and Judaism)

The information contained in this report was primarily gathered through desk top research and interviews conducted with various participants in the tourism industry including representatives from national tourism boards. The report was prepared by Luis Arcilla, Milena Nikolova, Todd Watkins, and Beatrice Kinyanjui, consultants with Emerging Markets Group.



MARKET SEGMENTATION

Currently, the trend in the global tourism industry is toward niche tourism. As such, many countries are attempting to reposition themselves into niches where they feel that they have strengths and can attract more tourists. While sun and beach are still important when selecting a destination (63 percent), a significant number of Europeans cite the countryside (23 percent) as a preferred destination¹. Other key criteria impacting the choice of destination include climate, scenery, places of historical interest and nature and the environment.

Given this focus on niche tourism, we feel that Bosnia and Herzegovina (BiH) should position itself in certain niches in order to attract the most tourists. The types of tourism that BiH should focus on include:

- 1) City Breaks
- 2) Cultural Heritage
- 3) Religious Heritage
- 4) Soft Adventure
- 5) Eco-Tourism
- 6) MICE
- 7) “Phoenix” Tourism
- 8) Special Events

In the subsequent sections, we have attempted to describe each type of tourism, identify the target market for BiH in terms of demographics and geography, identify the attraction in BiH and Herzegovina (BiH) that make it an attractive destination for this type of tourism and identify the key drivers and trends for this type of tourism.

City Breaks

Definition: City breaks are generally short holidays of between one and four days based around the attractions of a city. The market is concentrated in major cities within a given country and around attractions such cultural events, festivals, fitness, spas, and restaurants. Many city breaks can also be classified as “weekend get-aways”.

Target Market: Demand comes from a broad section of the population, but city breaks appeal most to people traveling without children. City breakers include young urbanites aged between 25 and 35, and “Empty Nesters” who are aged over 45 and generally live within commuting distance of the cities.

Target markets for city breaks in BiH will include domestic tourists, as well as tourists from the surrounding countries such as Slovenia, Croatia, Montenegro and other Balkan countries.

Attractions in BiH: Currently Sarajevo and Mostar have prospects in this area. Sarajevo hosts many festivals, cultural heritage events, etc and Mostar’s proximity to Croatia makes it a good weekend getaway. However, BiH needs to update its communication/transport links, as this will make it a more

¹ Eurobarometer survey: Europeans on holiday (1997-1998)



attractive destination. Finally, Banja Luka, due to its proximity to Zagreb may also have potential in this area.

Drivers and Trends: Accessibility is the key issue in city breaks. Thus, direct flights, good roads nice hotels, cultural events, day spas, and fitness activities are important. City breaks tourism has a market share of 14 percent in Western Europe (see Exhibit 1) and is a growing travel preference among European travelers. The number of city breaks visitors is growing by an average of 12 percent per annum (see Exhibit 1). Smaller cities, such as Sarajevo, in particular enjoyed large increases in visitor numbers, while in most larger cities, the effect of city breaks was overshadowed by usual tourism flows.

Exhibit 1: Primary Type of Tourism

Table 9 Usual holiday type of respondents in cities in Western Europe (in percentage)					
	Foreign tourists (including American tourists)			American tourists (n=277)	All respondents
	2001	1999	1997	2001	2001
Sun/beach	27	26	17	25	26
Touring holiday	24	14	18	32	19
Cultural holiday	19	20	20	18	20
City break	14	15	15	8	14
Countryside recreation	8	10	13	8	9
Winter sports	4	5	6	4	4
Mountain recreation	3	3	6	4	4
Health/sport orientated	2	4	4	2	3

Note: Due to discrepancies in rounding off, columns may not add up to 100%
Source: ERMIS

Cultural Heritage

Definition: Cultural tourism can be defined as: enjoying traditional and contemporary culture of an area/place. This includes the performing, visual, and literary arts, language, museums, heritage, crafts, architecture, design, film, and broadcasting. To some extent there is no agreed upon definition making the size of the market difficult to estimate. However, most Europeans listed typical cultural activities as attractions that they visit during their holidays (See Exhibit 2) such as museums, monuments and traditional local events.



Exhibit 2: Popular Attractions and Events

Table 18 Visits to attractions and events of respondents (1997)

Visit to attractions	%	Visit to events	%
Formal monuments	70	Traditional local events	64
Museums/exhibitions	63	Concerts	55
Nature reserves	50	Sports events	26
Cathedrals/temples	49	Religious events	25
Theme parks	26		
Health centres	11		
Industrial sites	4		

NOTE: Multiple answers
SOURCE: EUROBAROMETER

Target Market: The market for cultural tourism consists of young urbanites, aged between 25 and 35, and the "Grey Panthers", aged over 50. Both groups have a relatively high disposable income. The international market includes independent travelers, group travelers aged over 45, independent gay travelers aged 35-55, and independent city-breakers.

For BiH, the target markets for cultural tourism are likely to be European countries. Balkan countries and Western European countries such as Germany, United Kingdom, Italy and Austria are the best prospects for BiH.

Attractions in BiH: There are cultural attractions available throughout the country. However, the best sites tend to be in Herzegovina, where there are sites of significance from prehistoric to Roman to the more recent periods. Sarajevo and the surrounding region also have much to offer. The National Museum is one of the best in the Balkans, the History Museum contains exhibits that focus on the recent siege of the city and the Art Gallery of BiH and Herzegovina has a small, but impressive collection. In addition, in the surrounding region there are several medieval sites and towns such as Jajce and Travnik. BiH has an extremely rich and diverse gastronomic offerings often based on traditional food preparation and preservation methods.

Drivers and Trends: The drivers of cultural tourism are often the sites themselves. BiH has many interesting cultural sites. In addition, festivals and museums also bring tourists for cultural purposes. According to WTO, cultural tourism accounts for about 37 percent of global tourism. These estimates are based on the 'broad' definition of general cultural tourism. More conservative estimates of 'specific' cultural tourism done by the Association for Tourism and Leisure Education (ATLAS) surveys reveal that cultural tourism accounts for about 5-8 per cent of the total tourism market. However, it is certain that cultural tourism is becoming a more powerful driver in the overall global tourism market especially as an enhancement for city tourism.



Religious Heritage

Definition: Religious tourism can often be confused with cultural tourism. They are similar in that they are both focused on ancient and modern cultures. However, cultural tourism is predominantly secular. It is most likely to be focused on religious history, architecture and artifacts rather than the religious experience. Religious tourism only becomes a reality when believers participate with an intensity of conviction that can be experienced and shared. The aim of the religious trip is not merely touristic interest, but a mission of faith.

Target Market: The target market for religious tourism consists of people to whom the various sites hold some type of religious significance. As such, a non-believer visiting Medjugorje would not be considered religious tourism, but cultural tourism. As such the line can often blur between the two niches.

The target markets for religious tourism sites in BiH would include the surrounding Balkan countries such as Croatia, Slovenia, Serbia and Montenegro and possibly Kosovo and Turkey.

Attractions in BiH: In terms of sites, Medjugorje is already a significant site. Several other locations in the country are of minor local importance for the Catholic religion. Ajvatovica, an Islamic site, is currently attracting thousands of local to regional tourists on a particular date (questionable if the Islamic religion accepts pilgrimage places outside Mecca and Medina) and several Orthodox monasteries have minor legends attached but no major pull thus far.

Drivers: The key drivers are the importance of the sites themselves. It is the importance given to Medjugorje that makes it an important site that tourists want to visit. Thus, it is incumbent upon BiH to market these sites to believers in a way that they will want to come and see the sites.

Soft Adventure

Definition: Soft adventure may involve a modest degree of physically demanding activity on the part of the guests, but where standards of safety and comfort are well above average. Soft adventure travel is designed so that if an individual client wishes to abstain from any particular activity in the program, he or she may do so without penalty (or guilt!), and without affecting the enjoyment of the rest of the group. For example, some travelers could choose to skip a river rafting experience and meet the group at the next destination point. For a hard-core adventurer travel group this may ostracize the non-participating person(s) from the group or they may not even have the alternative to skip an activity.

Target Market: In principle, soft adventure should appeal to all participants, and should be suitable for all age groups from 6 to 60.

Many of the same people that will be interested in soft adventure will also be interested in eco tourism. The target markets for BiH for this type of tourism are primarily the "Western" countries of Germany, United Kingdom, Italy, Austria and perhaps the United States and Australia

Attractions in BiH: The Krajina region (Bihac-Banja Luka link) is known for water and white water and general soft outdoors. The Sarajevo basin is famous for winter sports and medium to hard mountaineering, caving and rock climbing.

Herzegovina has some water sports on Neretva (currently rafting but under threat of power stations) and the lakes. Medium to hard mountaineering, alpinism and rock climbing also are popular. Fishing is available throughout the territory. There is an extreme diversity of natural heritage - diverse configurations, some endemic plants and several animal species that are found in other regions of Europe. For example, in Bjelasnica there are peaks that are inhabited by wolves, wild boar and bear and its numerous trails have been marked and maintained by mountain clubs in the region.

Drivers: Uniqueness is a major driver for soft adventure and eco tourism. More and more tourists want to have a unique experience in their travels. As such, BiH is well positioned to capitalize on the position



that few have “been there and done that”. However, adventure and eco tourism needs to be done in safe locations. Currently, the perception is that BiH is unsafe and thus, many people in the Western European countries as well as the USA are reticent to come to the country.

Eco-Tourism

Definition: Eco-Tourism can be defined as responsible travel to natural areas that conserve the environment and improve the well being of local people. Eco-tourism must be ecologically sustainable travel, which usually takes place in destinations where the flora, fauna, and cultural heritage are the primary attractions. Responsible eco-tourism includes programs that minimize the adverse effects of traditional tourism on the natural environment, and enhance the cultural integrity of local people.

Target Market: The target market consists of 35 - 54 years old, although age varies with activity and other factors such as cost. Eco-tourists are just as likely to be female as male although clear differences by activity were found. Eco-tourists are usually well educated (82 percent were college graduates), but these types of activities are becoming mainstream. A majority (60 percent) stated they prefer to travel as a couple. Eco-tourism trips typically last 8-14 days and eco-tourists spend more than general tourists, stating they were prepared to spend \$1,001-\$1,500 per trip.

The target markets for eco tourism are the same as for soft adventure, Germany, United Kingdom, Italy, Austria, USA and Australia with the addition of Japan.

Attractions in BiH: Experienced ecotourists want a wilderness setting where they can enjoy nature and the scenery. They also want to view wildlife, hike/trek and experience new places. Some attractions in BiH that would appeal to eco-tourists include Sutjeska National Park, which contains Europe’s last primeval forest. Its mountains, lakes, rivers and forests have been preserved and are thriving with wildlife. Hutovo Blato is a shelter for hundreds of species of birds and game. Many come here to go on a photo safari and enjoy nature and the local cuisine.

Drivers: Much like soft adventure tourists, eco tourists want to have a unique experience. In a survey, 50 percent expect to stay in accommodations run by locals. Forty-five percent want to go hiking and want to be furnished with good information. Finally, forty-one percent expect to eat local cuisine with local ingredients and to be in surroundings that reflect the strong local hospitality of an area.

MICE

Definition: MICE relates to various forms of business tourism related to groups of business individuals rather than individual business travelers. MICE stands for: meetings, incentives, conferences and exhibitions.

A meeting is defined as an event designed to bring people together for the purpose of exchanging information, either from within one company or organization or from a broader spectrum of people. Meetings usually include cocktail functions, product launches, lunch, dinner and breakfast meetings. Special occasions such as weddings would constitute a meeting as defined by the WTO.

Incentives include travel as part of a motivational incentive scheme to increase or reward employee effort.

Conferences are multi-day events having at least 100 delegates attending the event for the purpose of exchanging information. Conferences are differentiated from meetings by both the duration of the event and the number of people attending.

Exhibitions involve the bringing together of people for the purposes of viewing products and services.



Target Market: The targets for MICE tourism are businesses usually with large numbers of employees.

BiH is currently not well positioned to offer MICE tourism to Western European countries. As such the target market for MICE would most likely be local businesses as well as larger businesses in the Balkans.

Attractions in BiH: Potential for MICE does exist in the country. However, MICE tourism must be grouped into two types of MICE events.

- a) Larger events: Sarajevo, Bihac, Neum. Currently there are only 2-3 sites that can deliver on a short timeframe, but there is potential to revive all 16 sites.
- b) Smaller events: The above mentioned places can also handle smaller events. There is also potential for development of a number of small scale, hidden retreats in the vicinity of major traffic routes and centers.

Drivers: MICE tourism requires meeting rooms and/or a convention center to host meetings. MICE tourism also requires upscale hotels, day and night time activities, spa, golf and fitness options for attendees.

Phoenix Tourism

Definition: Tourism focused on places in the world, such as cities or countries, rising from the ashes of war, destruction or international pariah status. Cities just back from the brink of disaster offer a vibrant edginess that is increasingly scarce.

Target Market: Phoenix tourism is focused on attracting well-traveled, middle-aged travelers as opposed to young backpackers looking for cheap thrills, who may be classified as war tourists. Phoenix tourists are very much part of the 'been there, done that' crowd and are looking for a new and different experience.

Phoenix tourists will come primarily from educated backgrounds and be most likely to come from Western European countries as well as the United States.

Attractions in BiH: Sarajevo is one of the primary places to satisfy phoenix tourists. Some of the sites include the History Museum, which has an exhibit that focuses on the siege of the city, the Sarajevo roses, bullet marks covered over with red rubber to commemorate spots where people died. Snipers Alley and Kovaci, a gentle sloping hill near the old Olympic Stadium is now covered with neat rows of stark white headstones and is a stark reminder of the recent history. The Butmir Airport tunnel is also a site that would generate considerable interest.

For relaxing, Phoenix tourists are interested in having a unique cultural experience and would value good restaurants, the Turkish Quarter, jazz clubs, mosques and cathedrals.

Drivers: One of the most compelling things about phoenix tourism is the willingness of countries and cities to face rather than bury their pasts. It is this past and understanding of the events and causes around the disaster that attracts the phoenix tourist. However, the phoenix tourist is not motivated by "morbid" curiosity, but by intellectual curiosity and a search for understanding. Thus, there need to be other activities to attract these tourists of which the sites mentioned above are only some of the sites and events that would be of interest.

Special Events

Definition: Tourism built around annual events in the country that have international appeal or events that are international in nature (e.g. Olympics).



Target Market: Depending on the nature of the event, Special Events tourism can attract almost anyone. However, in many cases people who come to these events are willing to spend more money on event tickets, hotels, food etc. They are usually travelers with international travel experience and as such are able to appreciate the uniqueness of a specific tourism destination.

Examples of events in BiH include:

- 1) **The Sarajevo Film Festival** is held in August of each year. Besides a good offering of world films, it focuses on regional films. Each year the festival attracts European and Hollywood film stars to Sarajevo for roughly 10 days.
- 2) **Bašcarsijske Noci (Turkish Nights)** is held every year, for the whole month of July. During the month of July, approximately 150,000 people come to see 40 to 50 diverse festival events. The festival features what with the local artists and the guest artists. During this time period, Sarajevo becomes a cultural center and exudes a festival atmosphere.
- 3) **Futura** is an annual techno and rave festival that features DJ's from around the world. It takes place on a weekend in mid-July.
- 4) **Sarajevska Zima (Sarajevo Winter Festival)** takes place during February and March. It is a celebration of culture and art that endured through the siege and continues to attract local and international performers.

Drivers: The event obviously drives the initial tourism, but efforts should be made to offer event participants and attendees the opportunity to experience other areas of BiH & Herzegovina especially those areas surrounding Sarajevo or the event site.



CULTURAL TOURISM

Cyprus²

I. OVERVIEW

According to legend, the island nation of Cyprus is where Aphrodite, the ancient Greek goddess of beauty and love, was born. Cyprus is the third largest island in the Mediterranean Sea, situated at the crossroads of three continents (Asia, Africa and Europe) and along the trade routes of the ancient merchants of antiquity. As such, various conquerors, including Alexander the Great and Cleopatra, who wanted to control the main trade routes, ruled the island. These conquerors brought within them their beliefs and cultures and each left behind the remnants of their civilizations. Thus, Cyprus is an ideal location for cultural heritage and religious heritage tourism.

Cyprus is a country whose history and culture goes back nearly 11,000 years so there is something for everyone. Tourist will find everything from Neolithic settlements to the temples and amphitheatres of Ancient Greece to Roman villas with mosaic floors to old Christian basilicas, Byzantine churches and monasteries, medieval castles and Islamic mosques and monuments. In addition, the country is rich in natural beauty, has a wide variety of rare flora and fauna, and boasts a healthy climate. The traditional hospitality of the inhabitants adds to making Cyprus an attractive destination.

After independence in 1960, the tourist industry in Cyprus began to grow. However, this growth was short-lived as tensions between the Greek Cypriot majority and Turkish Cypriot minority came to a head in December 1963 when violence broke out in the capital of Nicosia. Despite the deployment of UN peacekeepers in 1964, sporadic violence continued forcing most Turkish Cypriots into enclaves throughout the island.

Attempting to rebound from the conflict the government started a tourism promotion board, in 1969, known as the Cyprus Tourism Organization (CTO). However, in 1974, tourism received another setback as a Greek-sponsored attempt to seize the government escalated into a military conflict between Greece and Turkey. Turkish Cypriots ended up controlling 36 percent of the island. More importantly for tourism, the towns of Kyrenia and Famagusta, the largest seaside resorts ended up in the northern Turkish part, along with 65 percent of tourist beds and 87 percent of tourist units under construction.

In 1983, the Turkish-held area declared itself the "Turkish Republic of Northern Cyprus," which is only officially recognized by Turkey, but there has been a de-facto separation of the island for the last 22 years. The international airport in the capital, Nicosia, has been in no-man's land since 1974 and out of operation. Despite these factors the Greek-controlled Republic of Cyprus (ROC) has put substantial effort into building the tourism industry and the ROC has become a tourist center in the Eastern Mediterranean with tourism being one of the mainstays of the country's economy. A new airport has been constructed near Larnaca (see Exhibit 3), new hotels have been built in the areas of Larnaca, Limassol and Paphos and important infrastructural work has been carried out.

² Data obtained for Cyprus was obtained from the Cyprus Tourism Organization offices in Cyprus and New York City



Exhibit 3: Map of Cyprus



Source: CIA World Fact book

In 2004, 2.349 million international tourists visited the Republic of Cyprus staying an average of 10.7 days and bringing in CY£ 988 million (€1.713 billion). International tourists account for 95 percent of the total visitors in the country. Visitor figures were up slightly from 2003 figures, while tourism revenues were down slightly. Exhibit 4 tracks the key numbers for international tourism in the ROC in 1989 and over the last decade. As you can see, tourism grew rapidly in the period from 1989-1994. During this period, Cyprus was aggressively marketing itself as a “Sun and Sea” destination, and the campaign was successful. Arrivals in this period grew by 50 percent and revenues by 65 percent. However, in the last decade (1995-2004) arrivals have grown by only 12 percent and revenues by 22 percent. In fact, tourism peaked in 2001, before the September 11 terrorist attack when Cyprus hosted 2.696 million visitors, and received CY£ 1.277 billion (€2.228 billion) in tourist revenues.

Exhibit 4: Republic of Cyprus International Tourism Statistics

	1989	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Tourist Arrivals (millions)	1,378	2,069	2,100	1,950	2,088	2,223	2,434	2,686	2,696	2,418	2,303	2,349
Tourism Revenue CY£ (millions)	490	810	810	780	843	878	1,025	1,194	1,277	1,136	1,020	988
Avg. length of stay (days)	13.1	12.0	11.5	10.9	11.5	11.3	11.3	11.0	10.3	11.1	10.9	10.7
Available Beds	54,857	76,117	78,427	84,549	84,368	86,151	84,173	85,303	92,176	94,466	95,185	96,535

Source: Cyprus Tourism Organization, World Tourism Organization



The majority of tourists in Cyprus come from Europe (95 percent), and most of these tourists come from the UK (56.7 percent). Other important tourist markets for Cyprus are the Scandinavian countries (7.5 percent), Germany (6.9 percent), Greece (5.7 percent) and Russia (3.6 percent). There has also been a recent influx of tourists from the Middle East, the Persian Gulf, and Israel.

II. NICHE BENCHMARK

Due to the slump in tourism since 2001 and the slow growth over the past decade, in 2003 the Cyprus Tourism Organization (CTO) introduced a new strategic plan designed to increase the number of tourists coming to the country. In short, the CTO wants to make a fresh start to target the new global tourist environment. The CTO is focusing its efforts on new niche tourism segments in addition to the “sun and sea” product offering. Among these new niches, the most important, and the reason that we used Cyprus as a benchmark, is the cultural heritage tourism component.

As one of the lynchpins in the CTO’s new tourism strategy, **cultural/historical tourism** has many attractions that are plainly visible as one travels around the island. **Cultural tourism** has been identified as the major feature that enhances the wealth and value of the tourist experience for all customer segments. Given its diverse cultural history, Cyprus has great potential to satisfy a wide range of cultural interests such as archaeology, history, religion, traditions and customs, arts, and handicrafts.

Architectural sites abound in all parts of the island (see Exhibit 5). The Neolithic settlement of Choirokoitia became part of the UNESCO World Cultural Heritage List in 1998. The site has a vast assemblage of circular stone dwellings. A Greco-Roman theatre built into the side of a bluff overlooking the Mediterranean Sea highlights the site of Kourion. Its riches include extensive Roman mosaics visible from covered walkways, an Early Christian Basilica, the ancient Forum, the public baths and the House of Gladiators. The Sanctuary of Apollo Ylatis (5th century BC) is one of the largest, most significant historic religious sites in Cyprus.

The love goddess Aphrodite had a growing cult of followers on the island. Their devotion is best illustrated through The Temple, which was dedicated to her and blends naturally with the landscape. Pafos, another World Heritage Site, is home to the remains of the ancient city of Nea Pafos, which contains the magnificent Roman mosaics in the Houses of Dionysos, Theseus, Orpheus, and Aion. In addition, there are many ongoing excavations that the Cyprus Department of Antiquities oversees on the island. The archaeological departments of leading American and European universities are excavating many of these sites. Most of the sites on the island are open to the public and district museums in all towns, as well as those attached to sites help put the excavations in their historical context.

The many museums of Cyprus correspond to and illustrate the thousands of years of history to which the island has borne witness. They include archaeological and religious sites as well as traditional museum buildings. Among the latter, the most significant is the Cyprus Museum in Lefkosia (Nicosia). It presents the most comprehensive collection of archaeological artifacts under a single roof in the country. The Byzantine Museum, with its vast collection of religious icons, is also located in the capital. The Pafos District Archaeological Museum, Medieval Castle, Lemesos and the Pierides Foundation Museum in Larnaka should also be high on visitors’ lists.

Christianity is also interwoven into the embroidery of Cypriot history. This is not surprising, when you consider that Cyprus is the Mediterranean island closest to the Holy Land. In 45AD Paul the Apostle traveled with St. Barnabas to Cyprus. He succeeded in converting the Roman proconsul to the Christian faith, making Cyprus the first country ever to be governed by a Christian leader. Later, according to the biblical account, St. Lazarus was resurrected from the dead by Christ and sailed from Bethany to Cyprus where he lived for another 30 years. His sarcophagus is in the crypt of St. Lazarus Church in Larnaka. Another important Christian relic is a handwritten copy of St. Matthew’s Gospel. Given the religious

history of the area, nine Byzantine churches in the Troodos are part of the UNESCO World Cultural List (see Exhibit 5).

Exhibit 5: Cultural and Religious Sites in Cyprus



Source: Cyprus Tourism Organization

In addition to the many historical sites, many folk traditions, such as the Carnival and Kataklysmos (Festival of the Flood) have strong cultural overtones and many are based on ancient themes. Carnival Festivities take place 50 days before Greek Christian Orthodox Easter at the beginning of Lent, a period of fasting before Easter. The center of Carnival festivities is Lemesos, but some festivities take place in Larnaka and Pafos as well.

The annual Kataklysmos (Festival of the Flood) is a festival celebrated, fifty days after Easter, for five days in all the coastal towns. The biggest event takes place in Larnaka. At the heart of the festival is a joyful procession to the sea where people sprinkle each other with water. Whether this is in memory of Noah's survival of the flood, or the coming ashore of resurrected St. Lazarus - or a celebration of the birth of Aphrodite - is sometimes debated, but in any event, Kataklysmos is a spirited and uniquely Cypriot festival.

On June 28 and 29, St. Paul's Feast is feted in Pafos, to commemorate the Apostle's journey to Cyprus after leaving Jerusalem. Every September the Wine Festival takes place in Lemesos, a tribute to the fruit of the vine as it grows and thrives in Cyprus. With ten days of free-flowing locally produced wines.

Cyprus also has rich musical and dance traditions quite distinctive from those of Greece. Instruments that typically accompany folk dances are the violin and laouto, a lute with four double strings played with the quill of an eagle or vulture. Many dances are performed. Both men and women are very nimble-footed and the dances often allude to village courtship rituals - and are therefore most popular at wedding ceremonies.

However, despite the strengths of the ROC in cultural tourism, there are some fundamental weaknesses in the way that monuments, sites of natural beauty and historical importance and the cultural wealth are presented and promoted. Thus, the CTO has an ambitious scheme for the development and improvement of cultural and other routes, including the construction of new museums and, information centers, and the organization of workshops and events like international festivals. For example, there are plans for an Annual Film Festival, Opera and various other artistic, cultural and folklore events to tie in with the archeological sites and history of the island.



III. MARKETING STRATEGY³

According to the strategic plan, Cyprus will reposition itself on the tourist map by exploiting what the CTO views as the country's comparative advantages, allowing it to differentiate itself from the competition. The plan calls for promotions to focus on a diverse tourist experience that Cyprus can offer in a relatively small geographical area. The CTO's new promotions call for presenting the ROC as **“A mosaic of nature and culture, a whole magical world concentrated in a small, warm and hospitable island in the Mediterranean, at the crossroads of three continents, between East and West, that offers a multidimensional, qualitative tourist experience”**. To go along with this theme, the new tag line for tourism in the country is **“Cyprus . . . A Whole World on a Single Island.”** The CTO has rolled out its promotional campaign in its 19 worldwide tourism promotion offices. Seventeen of these offices are located in major European countries and two others in the USA and Japan.

The strategic plan is also focused on making sure that the island offers a high quality product through the creation of new infrastructure projects such as marinas, parks, camping and excursion sites, nature trails, sports facilities, tourist pavilions, etc. Secondly, the CTO wants to create sustainable development by limiting the building rate of new tourist units and up-grading existing ones. Finally, the CTO wants to maximize revenues from tourism by concentrating on maximizing the amount earned from each tourist rather than simply trying to increase the number of arrivals.

The key numerical goals of the strategic plan are to maximize the income from tourism to CY£ 1.8 billion in 2010 (€3.121 billion). As far as arrivals are concerned, 3.5 million tourists by 2010 is considered to be the maximum limit, since it is acknowledged that an increase in revenues, based solely upon increased arrivals, depletes available resources and undermines the sustainability of the destination. Thus, the average length of stay must increase to 11.6 days and seasonality must be tackled through an improved distribution of arrivals throughout the year. More specifically, the decrease of the share of the peak period arrivals (July to September from 40 percent to 33 percent) must be pursued, to the benefit of arrivals in the other months, especially January-March and October-December. The Strategy also aims at increasing the rate of repeat tourism.

The niche marketing strategy of the CTO is a focused and aggressive approach, aimed at developing market segments and target market that it feels can yield the most for Cyprus tourism. The niche segments that the CTO plans to target are:

- 1) Sun and Sea
- 2) Culture and Heritage including Religious
- 3) Nature and Ecotourism
- 4) Health & Fitness
- 5) Sports/Adventure Tourism
- 6) Conference and Incentive Tourism
- 7) Rural/Agro tourism
- 8) Romance, Weddings and Honeymoons
- 9) Sea Cruises
- 10) Mountain Resorts
- 11) Special Events

³ The marketing strategy section is based on the “Strategic Plan for Tourism Development in Cyprus (2003-2010)”



The target markets for the strategy have been divided into four categories: high priority, medium priority, low priority and emerging markets. They are as follows:

High Priority	Medium Priority
United Kingdom	Countries of the Persian Gulf
Russia	Countries of the Middle East
Greece	Israel
Germany	Belgium
Republic of Ireland	Sweden
France	Norway
	Netherlands
	Italy
	Switzerland
	Austria

Low Priority	Emerging Markets
Poland	Spain
Finland	Romania
Denmark	Bulgaria
Czech Republic	Former Yugoslavia
Hungary	Former Soviet countries
USA	Canada
Ukraine	China
Belarus	India

In its first years of implementation, the strategic plan calls for emphasis to be put on the penetration of existing markets and the strongest niche segments in an effort to attract the clientele from these markets and to these segments that will initially yield the most revenues. Meanwhile, the other niches will be formed through the upgrading of existing infrastructure/products and the development of new ones. Then the emphasis will switch to the diversification of the markets, i.e. the development of new markets and niche segments.

Within the CTO framework for the strategic repositioning of Cyprus, each region in the country will be invited to create its own particular (regional) vision for its tourist development, which will culminate in the offer of a special product (regional brand). The regional brand will be drawing on the particular characteristics (environmental, cultural etc) and strengths of each area, so as to gradually build-up a unique identity. These strategies must ultimately lead to the preparation of product development and marketing action plans. In this way, every region of Cyprus will be able to make the best of its potential to achieve the appropriate tourist development in accordance with the repositioning effort and the overall strategic targets, to solve the problems it currently faces (such as the seasonality problem) and to reap the benefits associated with tourism.

As an island tourist destination, Cyprus has invested mainly in attracting the Sun and Sea clientele. Given the conditions prevailing in the tourist marketplace of the 1980s, it was the right choice at the time.



However, this approach resulted in the creation of a one-dimensional product, which today is no different from that of many other destinations.

The new product strategy aims at repositioning the island on the tourist map as a destination offering a multifaceted tourist experience in a relatively small geographical area. One of the key aspects of the new tourism product will be developed around **culture and ecotourism**. It is assumed that these are the two main axes will help Cyprus to bring out its identity and become a unique destination. The cultural and environment-based products will function as points of attraction and at the same time they will present opportunities for different activities and recreation. The development of these products is necessary in order to create and offer the multi-dimensional tourist experience on which the repositioning of Cyprus is based, and these products are mainly aimed at the identified target market segments. To develop these new products, investment will be required from the public sector (including the local authorities) and the private sector alike to complement the attractions that already exist. To motivate and encourage the private sector to invest, it is suggested that incentive schemes be introduced.

When you visit Cyprus, you follow in the footsteps of historical giants from Alexander the Great to Cleopatra to the apostles of Christ. As mentioned earlier, throughout history important leaders have seized upon the strategic location of the island, at the crossroads of Europe, Asia and Africa, in forging and defending their empires. Cyprus knew periods of rule under the Assyrian, Egyptian, Greek, Roman, Islamic, Crusader, Byzantine, Venetian and Ottoman empires. Each civilization has added to the cultural mélange that you will find in the ROC.

As far as **nature and ecotourism** are concerned, Cyprus has been richly blessed. There are 1,900 species of flowering plants in Cyprus, 140 of which grow nowhere else. Many plants and herbs that grow naturally in Cyprus have medicinal properties and were once widely used by villagers to make holistic home remedies for a host of common ailments.

A diverse array of fauna calls Cyprus home. There are 168 bird species, 12 for mammals and 20 reptiles - the latter including the sea turtles that annually nest at protected Lara Beach on the Akamas Peninsula. The moufflon is a mountain ram with thick, sinuous horns that lives in protected reserves in the Troodos (see Exhibit 6).

Given the abundance of nature, hiking is a wonderful way to explore the Cyprus countryside, particularly in spring when flowers are blooming and summer when cool temperatures in the forests offer a refreshing alternative to the heat of the coast. There are many, unspoiled areas in Cyprus that offer experiences from adventure hiking experiences to nature walkers. Tour operators in the country have put together organized hiking tours.

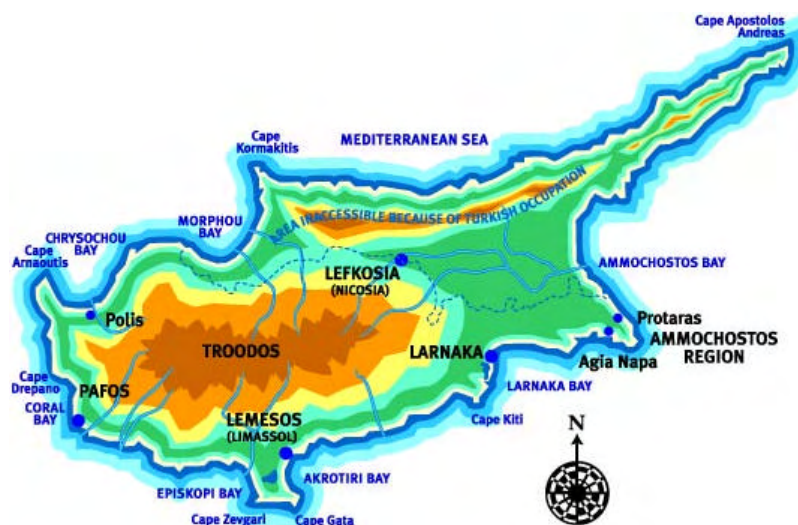
For adventurous hiking, Cyprus offers Troodos or the Akamas Peninsula, a thumb-shaped strip of land crisscrossed by rocky hiking trails. From the Aphrodite Trail, hikers have spectacular views of rock formations, limestone outcroppings, cliffs, and boulders sculpted into odd shapes suspended in the sea. Both the Aphrodite Trail and Adonis Trail branch out from the Baths of Aphrodite, a natural grotto. On the western side of the peninsula is Avakas Gorge, which is popular as a day trip excursion from Pafos by jeep.

For the less adventurous there are approximately 200 kilometers of well-marked hiking trails in Cyprus. The Lemesos District boasts five distinctive sign-posted nature trails in Troodos area. The circular, seven-kilometer long Artemis Trail is at the 1850-metre level and encompasses endemic flora such as Cyprus crocus and orchids under the black pines, as well as rich avian life that includes blue rock thrush and imperial eagles. The Atalanti Trail, named after a forest nymph, is nine kilometers long. At four kilometers, the Kalidonia Trail (also known as the Trail of Nightingales) crisscrosses the Kryos Potamo stream as it flows from the Troodos to Platres. The final portion of the trail begins under a wooden archway and leads to the Caledonian Falls. The three-kilometer Persephone Trail affords up-close looks at beautiful lichens and ferns.



The Pafos District offers a wealth of nature trails too, particularly in the Pafos Forest with its pristine stands of pine and golden oak trees. Notable are the trails east and northeast of Panagia, the area around Agia and Stavros tis Psokas, where you might spot the reclusive moufflon, and the starkly beautiful Xeros River Valley. The spectacular Cedar Valley is home to some 200.00 Cyprus cedar trees and many Troodos pines.

Exhibit 6



Source: Cyprus Tourism Organization

Nonetheless, for **Environment-related tourism to succeed**, action must be taken to protect and promote the environment. This is a key success factor in the effort to reposition Cyprus. There is also a need to develop better nature-oriented tourism projects such as nature trails, routes, environmental centers, cycling routes, camping sites and the protection of salt-lakes and the local flora and fauna. The CTO is working with other Government departments such as the Forestry Department and the Environmental Services Department to promote the adoption of environment-friendly practices and the promotion/cultivation of environmental consciousness.

The CTO is also developing the idea of **Sports Tourism**. This idea was re-evaluated in the light of the opportunities presented by the Olympic Games of Athens in 2004, as Olympic Teams from many countries decided to come to Cyprus to train for this event. Surveys identified the track and field events will attract the greatest interest and at present an action plan is being drawn up. This plan will cover both the professional/championship level and the leisure aspect of Sports Tourism and it will consist of specific actions of priority in the following areas:

- 1) Completion and development of infrastructure projects of international caliber for all priority sports (football, swimming, cycling, athletics) and other sports, including marine sports.
- 2) Operation of an administration and bookings system for all sports facilities that will be used for Sports Tourism purposes.
- 3) Organization of international athletic meetings, events etc.

To increase its **nautical tourism**, the government is taking tenders for the development and operation of the marinas in Lemesos, Larnaka and Agia Napa and contracts will be awarded soon.

As part of the overall tourism plan, there is also a plan for the development of **Rural Tourism**. The plan includes actions and measures towards the creation of an integrated tourist product for the countryside, enhanced by projects of cultural and environmental nature. More specifically, action plans and incentive



schemes have been drawn-up which are aimed at the creation of new accommodations and the upgrade of existing accommodations and traditional restaurants. The plan also includes the promotion of other activities like exhibition areas, museums, workshops for traditional handicrafts, the development of nature trails, cycling routes, theme and combined routes, theme museums, information centers etc.

Finally, the development and promotion of **Domestic Tourism** may contribute positively towards the improvement of hotel occupancy rates and the strengthening of the local economies. In addition, it enables the locals to become acquainted with their culture and civilization and strengthen their ties with the island. The biggest challenge in domestic tourism lies in the fact that the majority of Cypriots take their annual leave mainly during the months of July-August, the most crowded time for hotels and most prefer to leave the country.

IV. SUMMARY AND ASSESSMENT

With the full accession of Cyprus to the EU in May 2004, air transport to Cyprus should become more liberalized. The introduction of new flights is necessary for the success of the ROC's tourism effort given the country, as an island, depends almost exclusively on air transport. Given the limitations in state aid, which does not allow any subsidies to the air transport industry, the CTO will have to devise a special plan to encourage and support flights serving the aims and goals of the tourism strategy.

The scheduling of new flights, the increase in the frequency of flights, the improvement of the flight time-schedule, the proper management of airline seats and the geographical coverage of each target market are among the factors of critical importance to the development of Cyprus' specialized market niche tourism approach. In addition, direct air connections can also be a huge driver in the attempt to develop Conference and Incentive Tourism, which is not being adequately serviced under the present conditions.

The CTO is also planning to increase and intensify its efforts towards the promotion of domestic tourism through advertising and promotional activities. The effort will focus on getting Cypriots to take short breaks and trips in the winter or the springtime.

In the immediate future it is expected that the greater part of the tourist flow to Cyprus will continue to be through the tour operators. However, in the longer term, a gradual decrease of the dependence on tour operators will be pursued. The CTO feels it needs to capitalize on the growth of alternative ways of travel planning and bookings outside the tour operator network. In order to accomplish this goal, and considering given budgetary constraints, there is a need for the CTO to work together with suppliers of tourism services. Cooperation and co-financing of different marketing activities on a regional basis need to be established. Joint marketing activities need to be undertaken by the CTO and local organizations of tourism stakeholders and the local authorities. There are also plans to use e-marketing and to create a web-based destination management system. Such activities will be undertaken with a view to promoting individual tourism.

If Cyprus is to reach the 2010 numbers that are contained in its strategic plan, there is a need to increase the number of tourist beds. The government estimates that the required number of beds to cover 3.5 million visitors (3.5 million) is estimated at 131,000. Thus, the additional number of beds required is estimated at 35,000.

Given the tourism niches, which the CTO is pursuing, there will be a need for more beds in the 3 to 5 star hotels and mixed-use destination resorts. Additionally, nature/ecotourism needs more rural accommodation options such as tourist villages, and small agro-tourist establishments. Existing accommodation in lower categories must also be upgraded. In order to accomplish this goal, the CTO must introduce qualitative criteria in order to standardize the hotel classification system, introduce some type of incentive scheme to attract new hotels, and encourage the upgrading of older establishments.



The CTO has made a clear decision to focus on a multi-faceted tourism approach for the country. And we feel that this is the correct strategy given the trends in the market. In many ways, Cyprus is positioning itself to compete directly with Bosnia and Herzegovina (BiH), and BiH should learn from their successes and failures.

For Cyprus, communicating a clear and unique image and identity is paramount for success both domestically and internationally. There is a need to work with renowned advertising and public relations companies in each target country/market in order to craft its message. Furthermore, the ROC government must be willing to invest in upgrading and/or offering incentives for private investment in the tourism industry. Finally, the CTO must continuously monitor the effectiveness of its marketing activities and be prepared to recalibrate these activities over time.

Turkey⁴

I. OVERVIEW

Turkey is a country of 67 million people, located in the Eastern Mediterranean on two continents: Asia and Europe. As such, it is often referred to as the gateway to the East and the West. With the Black Sea to its North, the Mediterranean to its South, and the Aegean Sea to its West, Turkey has a long coastline that is approximately 8333 km. In addition to its beaches, Turkey is known for its mountains and different climatic regions that range from temperate and rainy to sub tropical, with hot summers and cold and snowy winters.

Turkey is also known for its historical heritage that goes back several civilizations. Most cities are rich compilations of the many cultural relics, architecture styles, and religious beliefs that have intermingled throughout history. Turkey's rich historical legacy is also enhanced by its modern appeal, making it a unique country where the modern and ancient connect.

The association of Turkish Travel Agencies summarizes Turkey's natural, historical, and cultural assets and values as follows:

- **Coastline:** Four seas with 8333 km of varied coastline and range of beaches, and bays suited to all types of marine activity yachting and cruising.
- **Nature and Landscape:** Contrasting geography, different climatic regions, correspondingly diverse flora and fauna, a varied magnificent landscape, presents a paradise for nature based special interest tours. Natural wonders such as the extraordinary cascades and terraced pools of Pamukkale "Cotton Castle," and fairy chimneys in the land of Cappadocia, with rock-cut dwellings, churches, and underground cities combine with local architecture to form a fascinating mixture of natural- cultural landscape.
- **Mountains:** Mountainous areas occupy more than half of Turkey's landmass. High plateaus suited to a range of activity holidays, trekking, mountaineering, skiing and winter sports abound, while rivers running through dramatic valleys tempt activity holidays, canoeing, and rafting enthusiasts.
- **Natural spas:** Approximately 1300 geothermal resources with temperature varying between 20-110 C. are used as cures and treatments for numerous health problems.
- **Heritage:** Historical heritage of many successive civilizations, thousands of archeological sites dating back to the earliest settlements up to 12000 years ago, and a vast open air museum are must-do

⁴ Some of the Data obtained for Turkey was obtained from the Turkey Tourism Promotional office in New York City



visits for anyone who is interested in history and archeology.

- **Culture:** A rich cultural legacy of art, socio- cultural values, and diversity leads to a harmony between traditional and contemporary. Historic cities picturesque towns, quaint villages, and basic rural settlements showcase a way of life highlighted by embedded socio cultural values, folklore, world famous cuisine, and traditional Turkish hospitality.

Turkey's tourism sector is segmented into six regions, and each region has a unique and abundant attractions. Below are short descriptions of each region as presented by the Turkish Ministry of Culture and Tourism⁵:

- **The Mediterranean Region:** This region enjoys 300 days of sunshine a year, and is a popular for swimming, sunbathing and watersports. You can also explore important historical sites dating back thousands of years, set in a landscape of pine forests and citrus groves and learn about the mythology that is intertwined with the area. There are many sights in this region. Examples include: In the ancient Lycian region, west of Antalya, where one can experience the beauty of the mountain cities of Termessos and Arikand, as well as the coastal towns such as Olimpos, Kale, Kekova and Kas. The ancient cities of Perge, Aspendos and Side are located on the coastal plane east of Antalya, which is one of the Mediterranean's most important cities and is Turkey's hottest vacation spot with beaches of Konyaalti to the west and Lara to the east, lying at the foot of Antalya's mountain range, an attractive holiday getaway with palm-lined streets, beautiful parks, an abundance of accommodation, restaurants, bars and nightclubs.
- **The Aegean Region:** Many would agree that the coastal region of the Aegean has some of the most stunning views in the country. The bays peninsulas, and golden beaches stretch the length of coastline and this region was also the venue of countless mythological events. A sample of what the region has to offer include: Remains of ancient cities including Troy, and Pergamum, the art and cultural centre and capital of one of the most powerful kingdoms at the time. The provinces in the Aegean region are Afyon, Aydin, Denizli, Izmir, Kutahya, Manisa, Mugla and Usak. Situated in Edremit bay is Ayvalik, the meeting point of the sea, the therapeutic springs of Akcay, and pine forests, which has been dubbed the olive-grove Riviera. Located in a narrow bay, Izmir is a modern city and the third largest in Turkey, as well as the major port on the Aegean. It brims with life and is a busy commercial center, with broad boulevards and modern architecture, combined with the traditional red-tiled roofs of the old houses in the bazaar area.
- **The Black Sea Region:** Lush and green throughout the year, rocky mountains, the cool waters of the coast and plantations of tea, hazelnuts, tobacco and corn, the Black Sea is a unique part of the country. The main industry is farming, thanks mainly to the high rainfall, and in the summer the roadsides are lined with hazelnuts drying in the sun. The culture, cuisine, climate and even dialect is different to the rest of Turkey, and the coastal road stretches from east of Istanbul to the border with Georgia. The cities in this region are Amasya, Artvin, Bolu, Corum, Duzce, Giresun, Gumushane, Kastamonu, Ordu, Rize, Samsun, Sinop, Tokat, Trabzon Zonguldak, Bartın and Karabuk. Akcakoca is on the far western side of the coast, with endless hazelnut orchards. Inland to the east is Safranbolu, with a wonderful collection of old Ottoman houses, and Devek, famous for its intricately carved walking canes.
- **Central Anatolia:** This central region is now the heart of modern Turkey's political life, and has been the centre of many significant societies and civilisations throughout history. The main cities in this region are Ankara, Cankiri, Eskisehir, Kayseri, Kirsehir, Konya, Nevsehir, Nigde, Sivas, Yozgat, Aksaray, Karaman and Kirikkale. Ankara, the modern-day capital, is located squarely in the middle

⁵ http://goturkey.kultur.gov.tr/turizm_en.asp?belgeno=9275



of Central Anatolia and has been planned and developed for a contemporary society. The most visually impressive structure here is the Anitkabir mausoleum built for Ataturk, who founded the modern Republic of Turkey by winning the War for Independence and then made Ankara its capital. The Museum of Anatolian Civilisations is among the best museums in the country, and has exhibits from Anatolian dating from 50,000 BC to the 2nd century AD.

- **Eastern and Southeastern Anatolia:** With its high mountain ranges, remote plateaus, lakes and river beds splashed with colour, plus some of the best Turkish architecture anywhere, this region of Anatolia brings history to life. Sivas, Divrigi, Erzurum, Battalgazi, Harput, and Ahlat, all cities in this region, were important centres of Seljuk art. In Eastern Anatolia are the cities of Agri, Bingol, Bitlis, Elazig, Erzincan, Erzurum, Hakkari, Kars, Malatya, Mus, Tunceli, Van, Ardahan and Igrid, while in the southeast are the largercities of Adiyaman, Diyarbakir, Gaziantep, Mardin, Siirt, Sanliurfa, Batman, Sirnak and Kilis. Traveling around the east is more challenging, with huge distances between towns, extremes of climate and fewer facilities, but this is amply compensated by the remote beauty, relatively uncoil scenery and of course hospitality of the people.
- **Thrace and Marmara:** The Roman province of Trakya (Thrace) is separated from the rest of Turkey by the Bosphorus, the Sea of Marmara and the Dardenelle Straits. Edirne, lying close to the borders of Greece and Bulgaria, is best known for the masterpieces of local architect Mimar Sinan, with wonderful examples from the Ottoman Empire. The area is also famous for the lush rolling fields, filled with vineyards and sunflowers grown for their seeds and oil. The cities in this region are Balikesir, Bilecik, Bursa, anakkale, Edirne, Istanbul, Kirklareli, Kocaeli, Sakarya, Tekirdag and Yalova. On the shores of the Marmara Sea are a whole host of beautiful beaches and holiday resorts.

Turkey's tourism industry has seen significant growth. In 1994, 6.6 million visitors visited Turkey. In 2004, ten years later, the number of visitors more than doubled to more than 13 million visitors. Although Turkey is located at the heart of many of the world's troubled spots- the Balkans in the 1990s and presently Iraq- this does not seem to have had an adverse effect to its tourism industry. Turkey continues to be one of the most popular low cost destinations in Europe.

Exhibit 7: International Tourism Figures

International Arrivals	2000	2001	2002
Visitors (1000)	10,428	11,620	13,248
Tourist (Overnight visitors) (1000)	9,586	10,784	12,782
International Tourism Receipts (euro million)	8,268	8,247	9,529
International Tourism Receipts Per Arrival (Euro)	862	765	745
International Tourism Expenditure Per Trip (Euro)	351	400	388

Source: WTO

Presently, Turkey is a popular destination among people of various nationalities. Most of its visitors come from the European Union. For example in 2003, more than 55 percent of its visitors were from



countries in the European Union. Germany tops this list with more than 23 percent of Turkey's visitors, followed by the United Kingdom and the Netherlands with a market share of 7.8 percent and 6.72 percent respectively. In addition to its visitors from the European Union, Turkey is a popular destination for Russians and Bulgarians. In 2003, Russia held a market share of 9 percent while Bulgaria held a market share of 7.2 percent, both of which are higher than the United Kingdom and the Netherlands' market shares. Other top source markets include: Austria, Belgium, France, Greece, and Iran, France, and Ukraine. China has also begun to show itself as an important market for Turkey.

II. NICHE BENCHMARKING

Turkey has established itself as a key tourism destination for **culture and natural heritage**. Although it is difficult to separate this segment from its other segments, it is clear that culture and natural heritage has significantly contributed to Turkey's growth of its tourism sector. Turkey has a rich cultural and natural heritage that spans 10,000 years and encompasses more than 20 civilizations. Infact, much of this heritage is still being uncovered. As Mustafa Kemal Atatürk, founder of the Turkish Republic, stated: "Culture is the foundation of the Turkish Republic." Turkey's historical heritage that spans many successive civilizations; thousands of archeological sites dating back to the earliest settlements; numerous museums; a legacy of cultural values; historic cities; villages and rural settlements; natural wonders socio cultural values; folklore; world famous cuisine; and the renowned Turkish hospitality all play an important part to Turkey's popularity as a top culture and heritage tourism destination.

III. MARKETING STRATEGY

Turkey is richly endowed to provide an authentic experience for tourists that are interested in cultural and heritage tourism. Its diverse landscape allows for multi activity packages that are attractive to cultural and heritage tourists. In several Turkish regions, tourists can enjoy hiking, beautiful scenery, beaches, and museums within a 20 mile radius. The Ministry of Tourism and Culture attributes the same success factors for Turkey's cultural and natural heritage as they do for Turkey's overall tourism industry. These factors include, making considerable investments, educating the domestic and foreign market about Turkey's rich history, proximity to other vibrant tourism destinations such as Greece, and marketing aggressively using targeted marketing programs.

Turkey has made considerable investments to improve its infrastructure throughout the country. This has made Turkey easily accessible due the increased number of commercial and charter flights to Turkey. Upgrades to airports and roads continue to be a priority for the government and private sector. As such, the new and improved airport terminals, modern highways across the country, and contemporary modes of transportation now characterize Turkey. It is no surprise that in 2003, revenues from international travel were over \$13 billion. In an effort to increase revenues even further, the government is encouraging foreign and domestic investors to invest in tourism infrastructure by offering low interest loans and releasing land for economic development. At the same time, Turkey is working hard to develop its people to respond to the growth in its tourism industry. "The basic Education Courses of Staff Training for Tourism Administrations" was administered to educate staff in this sector. In 2001-2002, 956 students graduated from the program. It is expected that 1,034 students will graduate from the same program in 2002-2003. Other similar education programs focusing in tourism are being organized around the country. In 2002, 1,953 students participated in Job Training Courses, 456 students participated in Training Administration on Instructor courses, and 1,101 sin Social Behavior seminars.⁶

Equally, Turkey has made great attempts to upgrade its accommodation industry. According to the Association of Turkish Travel Agencies, the accommodation industry includes a wide range of facilities

⁶ Tourism Market trends, Edition 2003 - Europe



that fall into various categories that are based on their level of service. These include: top quality, super modern deluxe category hotels and holiday complexes, boutique hotels, and other affordable facilities. Although city hotels, summer resort hotels and holiday complexes constitute the greater part of the accommodation industry, there are numerous ski, winter resort, and spa hotels in various parts of the country. Exhibit 8 illustrates a significant growth in accommodation facilities from 1983 to 2003.

Exhibit 8: Accommodation Facilities licensed by the Ministry of Tourism

Year	Beds	Establishments
1983	65,934	611
1993	235,238	1,581
1997	313,298	1,933
1998	314,215	1,954
2001	364,779	1,980
2003	420,697	2,240

Although Turkey is located close to some troubled spots, its location has been beneficial since it has afforded it exposure to tourists from other countries. For example, American tourists that were traveling to Greece via cruise ships began making stops to Turkey en route to Greece in the early 1980s. At that time, Turkey's tourism industry was in its early development. However, pleasantly surprised by Turkey's rich and diverse culture, tourists with low expectations were transformed to enthusiasts and have since promoted Turkey through word of mouth. Whether Turkey has been lucky or has benefited from a good location, it continues to enjoy tourists that are en route to other destinations. This is particularly true for American tourists.

Turkey has engaged in numerous diverse marketing programs to promote itself. Its Ministry of Culture and Tourism sends representatives to all major trade shows around the world. In addition to this traditional promotional method, Turkey has three tourism offices in the United States that are separate from its consular offices. Its physical presence in key markets provide tourists a personal touch of the country in order to build trust and familiarity about the country and to counteract first hand any reservations that tourists may have about Turkey. Turkey seems to be reaping the benefits of this approach. According to the representative in Turkey's offices in the United States, a large number of tourists contact the tourist offices to gather preliminary information as their first contact before reaching out to travel agents.

Turks living outside of Turkey have done a lot to promote Turkey. In addition to making a contribution to the number of tourists visiting their friends and relatives at home, they have created businesses to serve Turkey's tourists abroad. The large numbers of Turks living in the United States and in Europe have continued to give the country exposure. In addition, establishment of educational programs on Ottoman and Turkish history and culture in Europe and the United States have enhanced the exposure even further.

Finally, the large number of specialized tour operators promoting Turkey continues to be an important part of Turkey's promotion in Europe and in the United States. There has been a considerable growth of the number of Turkish travel agencies in and out of Turkey. For example, according to the ministry of culture and tourism, there were 1,737 Turkish travel agencies. In 2002, this number had more than doubled to 4,472.



CITY BREAKS

Vienna

I. OVERVIEW

Vienna has become one of the most successful destinations for city tourism in the world. Because of its easy access from abroad, a rich cultural history, and cobblestone charm. Vienna has established a reputation as a thriving tourist destination where past glories and countless ancient monuments merge with modern art and fashion to bring the city's beauty to light. The city has become a junction connecting the continent's eastern and western parts, a role it once played as the center of the Habsburg Empire. Many of the numerous museums and cultural institutions are truly exemplary making Austria into one of the most important cultural centers in Europe.

Exhibit 9: Top attractions - Vienna

	Number of Visitors in 2003	Change from 2002 (in percent)
Tiergarten Schönbrunn / Schönbrunn Zoo. 2003/Increase probably due to the arrival of the two big pandas and the birth of an elephant, both in the spring of 2003)	2,001,791	10.8
Schloß Schönbrunn / Schönbrunn Palace	1,755,900	-5.0
Hundertwasserhaus / Hundertwasser Haus (Estimate)	1,049,858	4.1
Museum of Fine Arts	615,179	-5.8
Riesenrad (2002/Closed for renovation Jan-Feb 2002, March-April 2003 restricted opening times with makeshift access. Opening of the new Giant Ferris Wheel May 1, 2002)	605,000	-1.6
Hofburg: Kaiserappartments / Imperial Palace: Imperial Apartments	447,500	5.2
Hofburg: Silberkammer / Imperial Palace: Imperial Silver Collection	421,400	1.8
Donauturm / Danube Tower	358,977	-10.8
Österreichische Galerie Belvedere	356,564	-6.3
Leopold Museum	330,000	9.6
Naturhistorisches Museum / Museum of Natural History	316,000	-12.9
Hofburg: Weltliche und Geistliche Schatzkammer / Imperial Palace: Secular and Ecclesiastical Treasuries	296,340	-3.1
Technisches Museum / Technical Museum	276,685	-16.2
Palmenhaus / Palm House	220,000	10.0
Kaisergruft (Kapuzinergruft) / Imperial Burial Vault (Closed January 1 to March 16, 2003 due to renovations)	211,140	-1.9



	Number of Visitors in 2003	Change from 2002 (in percent)
Zentralfriedhof / Central Cemetery (Pkw-Einfahrten, Schätzung / Estimated Number of Automobiles)	200,000	
KunstHausWien	187,692	-33.3
Haus des Meeres Vivarium Wien / Aquarium	181,871	-9.3
Karlskirche / St. Charles Church (Schätzung/Estimate)	180,000	23.3

In 2003, there were more than 8 million overnights and over 3 million arrivals in Vienna making the tourism industry a critical part of the city's economy. According to the Vienna Tourist Board, in 2002, tourists to Vienna generated value added of more than 3 billion Euros; 55 percent of the city's gross regional product. Most of these visitors to Vienna come from Germany, Austria, USA, Italy and Great Britain. Exhibit 10 shows a breakdown of Vienna's main markets in overnight stays. In 2004, USA, Japan and Spain showed the highest growth in overnights and Arrivals with more than 15 percent increase each.

Exhibit 10: Overnight stays in Vienna - 2004

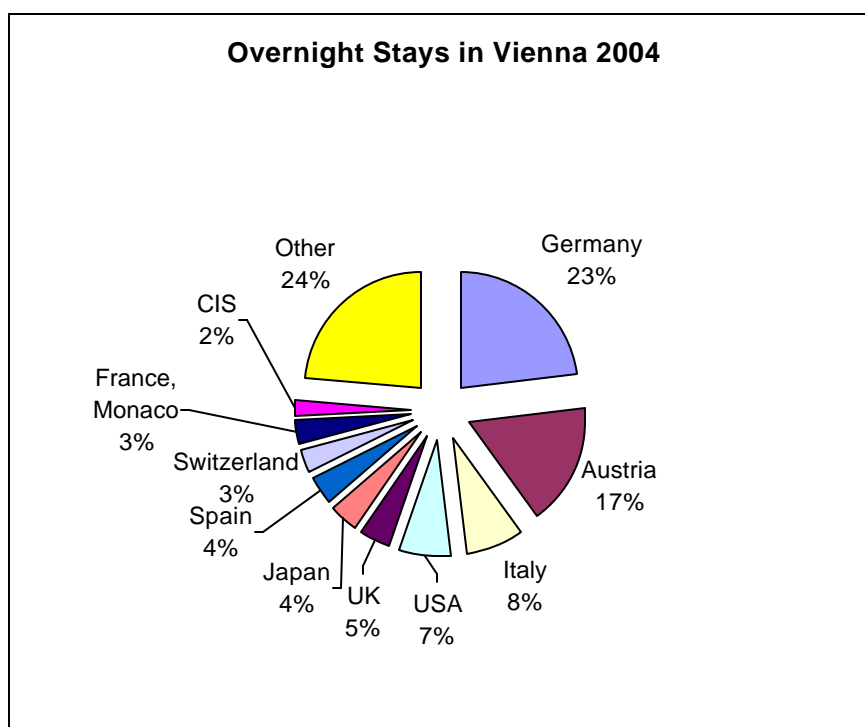
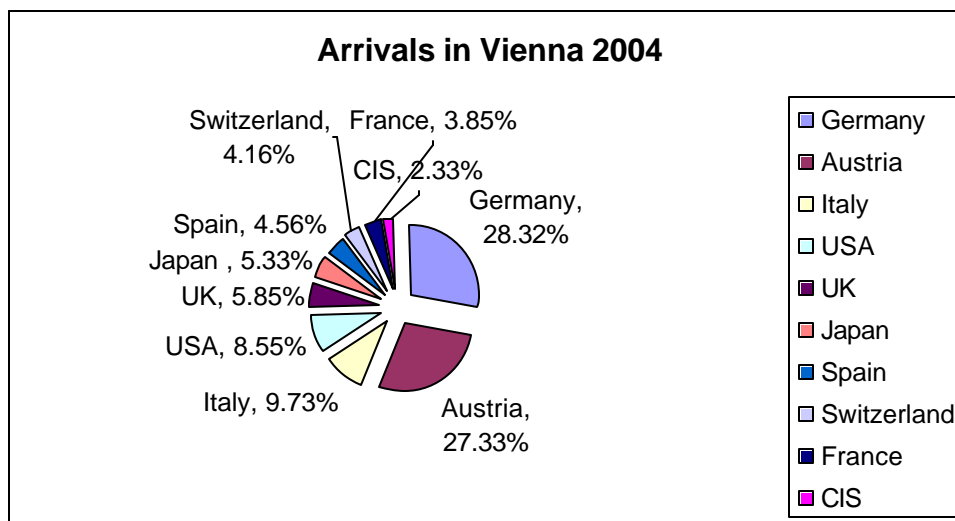


Exhibit 11: Arrivals in Vienna by Country of Origin



II. MARKETING

Vienna continues to strive to improve its position as a city break destination. In 2004, its tourism board's budget amounted to 18.6 million Euros. It expects this budget to increase to 19.3 million Euros in 2005. While most of this budget comes from the local accommodation tax (49 percent), contributions are also made by the city of Vienna (28 percent) the Tourism Board (21 percent) and the Vienna Chamber of Commerce and Industry. Approximately 6.8 million Euros contributed by the City of Vienna are utilized to advertise abroad and for the convention bureau. In addition, 11.5 million Euros are spent for various marketing efforts that include: Seasonal advertising campaigns (3.6 million Euros, Production of advertising aides (2 million Euros), and market management (1.8 million Euros)

According to the Vienna Tourist Board in 2004, it is clear that the Tourist board is putting in a considerable effort to improve its image and position as a tourism destination. Examples of these efforts include:

- **Market Management:** The Vienna Tourist Board market managers made trips to a total of 37 countries, taking part in 47 trade and consumer fairs, 63 workshops, and 60 presentations. They also organized the participation of Viennese suppliers in some of these events, as well as 12 joint business ventures in 9 different countries. In Vienna they hosted 2,459 travel agency representatives, who traveled to Vienna in 154 groups from 38 countries.
- **Media Management:** A total of 1,013 representatives of the media from 44 countries visited Vienna as guests of the Vienna Tourist Board, which assisted their researches and organized programs for them. 344 journalists from print media traveled alone, the remainder in 59 groups. The electronic media were represented by 60 television and 12 radio teams. Media managers made 35 trips to 30 countries, where they held 55 press events.
- **Vienna Convention Bureau:** The bureau presented Vienna as a meeting place at 36 trade fairs and congresses. It also coordinated the participation of Viennese Suppliers in these events. Finally, the bureau hosted 240 decision-makers in the congress and incentive sector who made inspection trips to Vienna from 11 countries. There were 15 such groups with a total of 195 people, the remainder being looked after individually.
- **Visitor Services:** Over 370,000 visitors received free information in 10 languages and information material in 19 languages from the tourist information office on Albertinaplatz. The Wien-Hotels &



Info team handled some 125,000 enquiries – most of them requiring information, but also many hotel reservations.

- **Strategy and Communication:** The board's theme management team looked after 290 business partners, processing some 1,500 texts and a total of 55 issues of electronic press services and newsletters. The event editors listed some 20,000 activities and published over 380 editorial pages in Vienna's monthly list of events. A total of 948 DVDs and VHS cassettes of the video "Vienna waits for you" were distributed to the industry and the Vienna Business Agency. The market research and statistics team compiled 400 statistics and answered around 1,400 inquiries.
- **Production and Logistics:** Vienna's Tourist Board believes that Vienna's image on world markets is determined by its brochures, leaflets and posters. Some 200 of them were produced in 20 different languages. In addition, 22 promotional gifts – from key rings to teddy bears – were also produced to designs based on the Vienna Tourist Board's advertising line. The mail room dispatched about 210 tons of materials to all parts of the world.
- **Corporate PR:** In order to keep the general public informed about the work of the Vienna Tourist Board, some 50 press releases were sent to Austrian media and eight press conferences were held in Vienna. The board also published "Wien Tourismus intern", a quarterly review for the Vienna tourism industry.

Vienna hopes to raise its yearly overnights from its present number of 7.7 million to 10 million within the next five years. To do so, it has identified several areas that need to be improved to achieve this end. They include: engaging in targeted product development in all entities (culture and business, city planning and transportation policies, event organizers and leisure resorts, ministries and city administration); creating new attractions that will attract event tourists, adding Sunday opening hours similar to those of new EU markets such as Slovakia and Czech Republic; focusing on the MICE market and maintaining the momentum generated by major events such as Mozart year 2006 and the European Soccer Championship in 2008; making investments to improve the transportation infrastructure; targeting citizens of countries with high and increasing purchasing power in real terms such as UK, Canada, and the US; and maintaining the strong city's police security.

According to a staff member at the Vienna Tourist board, the biggest change in Vienna's positioning strategy has been changing Vienna's image from a traditional city to one that showcases both its traditional and contemporary culture and heritage. This position has aimed to change Vienna's perception of being an old city to a city that is vibrant, lively and one that caters to lifestyle. The tourism board believes that this positioning has been quite successful: In 1995 Vienna had 7 million overnights and this has grown to more than 8.4 million overnights recorded in 2004. In addition to this positioning, the tourism board, in partnership with the city, has made a conscious decision to make investments that the people will enjoy while ensuring that the investments are easily accessible to tourists. Focusing on what the people enjoy will ensure an authentic experience for tourists coming to Vienna.

Vienna's target market for its cultural and heritage has played an important part of strengthening Vienna as a city break destination. This target market comprises of both the young people and old and includes tourists who have a keen interest in music particularly, choirs and orchestras. A recent survey of tourist from Vienna's 13 main markets indicated:

- 80 percent of the tourists visited museums and exhibitions
- 89 percent visited restaurants
- 87 percent visited coffee houses
- 84 percent shopped while in Vienna
- 76 percent strolled around the city to see architecture



- 71 percent visited Vienna's main sites
- 42 percent visited discothèques and other similar night life entertainment
- 34 percent were particularly interested in the landscape
- 29 percent attended a classical music event. It is believed that this number is particularly low because such events require more organization such as making reservations.

In addition, the profile of tourists that visit Vienna for short breaks is similar to the profile of cultural and heritage tourists. This seems to support the argument that city tourism is closely intertwined with cultural and heritage tourism. Key attributes of tourists to Vienna are as follows:

- More than 50 percent are under the age of 40
- More than 50 percent have a high income of approximately 3,300 Euros/month; 30 percent have an income that is higher than 3,500 euros/month
- 53 percent have a university degree
- 37 percent have an education that is higher than high school, but not equivalent to a university degree.

Prague, Czech Republic

I. OVERVIEW

Tourism in the Czech Republic grew significantly in the early 1990's after the demolishment of the "Iron Curtain" when curiosity drove significant flows of Western European tourists to former Czechoslovakia, Hungary and Poland. Since then tourism and tourist services have been developing. More and more private restaurant and hotel owners started their businesses and began offering higher quality products and services after they themselves had the opportunity to travel abroad and obtain experience. A significant factor in tourism development was the attraction of many foreign investors to the Czech market, contributing to the overall development and economic growth of the country. Compared to 10 years ago, today the Czech Republic and Prague focuses on offering higher quality products.

According to the Czech Tourism Authority, most foreign tourists come for sightseeing and city breaks, followed by spa and wellness. In 2003, the country received 5,076,000 overnight visitors (about 0.012 percent of the total 398,808,000 for Europe) and ranked 18th in Europe in terms of international tourism arrivals⁷ - significantly behind Hungary, Greece and Croatia (see Exhibit below). In 2003 tourism contributed 4.8 percent to the GDP⁸. In terms of international tourism receipts the Czech Republic ranked 19th earning 3,144 Million Euro, which is about 1.2 percent of the total for Europe (almost equal to the earning of Hungary, but significantly behind Croatia's 5,636 Million Euro and Greece's 9,460 million Euros)⁹. It is important to note, however, that by September of 2004, the Czech Republic was visited by a total of 6.33 million foreign tourists. This is an increase of 22.8 percent, compared to the same period in January to September 2003¹⁰. The increase of nights for the same period was 18.4 percent (compared to Hungary's 3.5 percent, and Croatia's 2.0 percent). The Czech Tourism Authority attributes this increase

⁷ European Tourism Insights, 2004 – A report of the Research Group of the European Travel Commission.

⁸ WTO - Czech Republic, Basic Data.

⁹ European Tourism Insights, 2004 – A report of the Research Group of the European Travel Commission.

¹⁰ European Tourism Insights, 2004 – A report of the Research Group of the European Travel Commission



to the promotion of the country abroad as a peaceful and safe destination. The overall current economic situation in the Czech Republic has also been favorable for international tourism.¹¹

Exhibit 12: International Tourism Arrivals in Europe by Destination, 2003

#	Destination	Arrivals ('000)	Percent Change 2003/2002
1.	France	75,048	- 2.6
2.	Spain	52,478	0.3
3.	Italy	39,604	- 0.5
4.	UK	24,715	2.2
5.	Austria	19,078	2.5
7.	Hungary	15,706	- 1.0
8.	Greece	13,969	- 1.5
14.	Croatia	7,409	6.7
18.	Czech Republic	5,076	10.9
19.	Bulgaria	4,048	17.9

Source: European Travel Commission

According to a representative of the Czech Tourism Authority, the tourism industry in the country has been focusing on bringing international travelers. Since 2003, it started targeting domestic tourists and encouraging travel within the country. In its Strategy for 2004-2010, the Czech Tourism Authority states that it envisions the Czech Republic as the top tourism destination in Europe by 2010¹².

As Exhibit 12 indicates, the majority (89.5 percent) of the foreign tourists come from other European countries. In 2003, almost 90 percent of all international tourists visiting the Czech Republic came from Europe. Most of them (43 percent) came from Western Europe. Traditionally, the largest numbers of tourists have been from Germany - in 2004 a total of 1,986,543 German tourists visited the Czech Republic, an increase of 9.1 percent on 2003. Staying an average of 4.8 days, Slovakia is the second largest source of foreign tourists with 785,050 visitors in 2004, an increase of 5.6 percent on 2003. The Slovaks stayed an average of 4 days. The 783,882 visitors from the UK also constituted a significant share representing an increase of 57.8 percent compared to 2003 and stayed an average of 3.8 days. According to *CzechTourism* among other factors, one of the main explanations for that is the growth of “budget airlines” operating between the UK and the Czech Republic. Other countries with significant growth in numbers of visitors are Italy, the Netherlands, Russia, Spain, and the USA.

According to an information bulletin of the Czech Tourism Authority, the leading magazine ITTN (Irish Traveltrade News) has awarded Prague first prize in the Best city break destination category for the fifth time. The publication surveyed a total of 700 Irish travel experts who voted Prague the best city break destination for 2004. The award is now in their tenth year and the Czech capital has now won this category five times. Since 2003, interest in the Czech Republic has been growing among Irish tourists. Almost 90 percent of Irish visitors arriving in the country prefer to spend a long weekend in Prague,

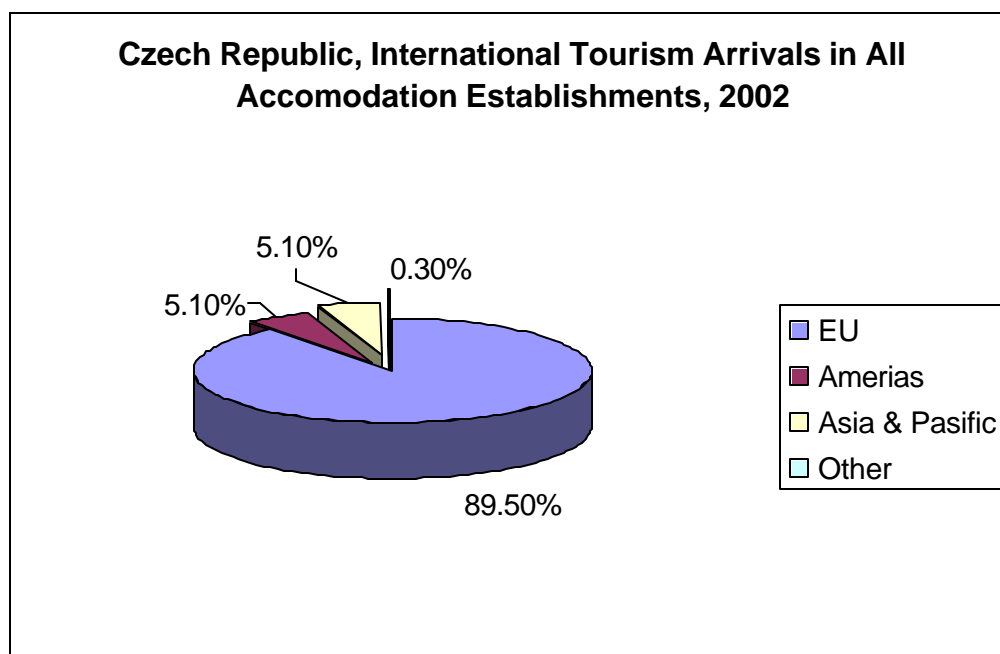
¹¹ <http://buletin.czechtourism.cz/index.php?action=show&id=6177>

¹² Promotion Strategy of the Czech Republic in 2004 – 2010, p.3.



staying an average of 3.9 days. The growth in visitor numbers has been helped along by low cost airlines on the Dublin—Prague route¹³.

Exhibit 13: Czech Republic International Arrivals

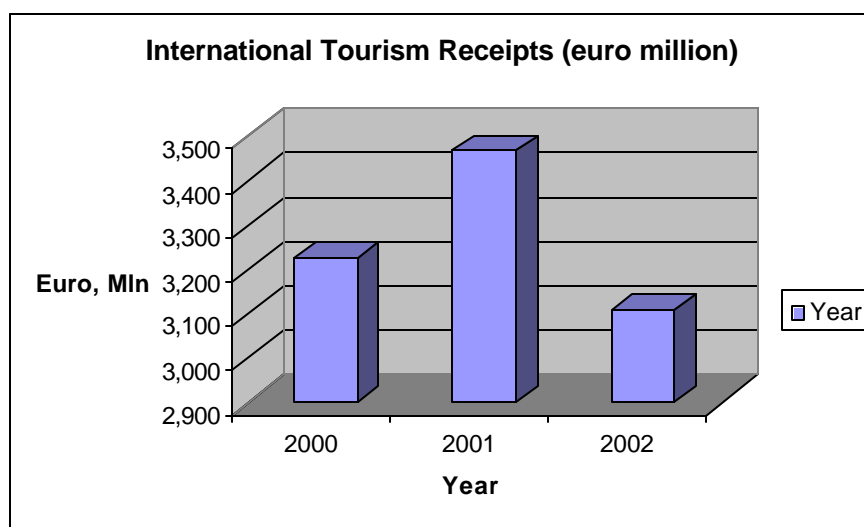


Source: World Tourism Organization

According to the iNFO-Bulletin published by the Czech Tourism Authority, earnings from incoming tourism last year reached 3.534 billion Euros, which marks a 6.8 percent increase compared to 2003. Czech tourists themselves have spent 1.914 billion Euros on foreign travel in 2003, which means that promoting the country as a tourist destination has earned the country around 1.6 billion Euros. Based on estimations, the Authority forecasts that the number of tourists for this year should be around 8.5 million.

¹³ <http://buletin.czechtourism.cz/index.php?action=show&id=6435>

Exhibit 14: International Tourism Expenditures



Source: World Tourism Organization

II. NICHE BENCHMARK

Golden Prague

For the Czech Republic, Prague is the main tourism asset and its number one destination. The Czech Tourism Authority has set a strategic objective to make Prague the **European city destination number three by the year 2010**. The main attractions in Prague are history and culture (architecture), entertainment, and food and drinks (famous Czech beer).

According to a Czech Tourism Authority representative, the highest share of international tourists visiting Prague are British. In 2004 their number was 592,720 representing 17 percent of all tourists who visited Prague. Their average stay was 3.8 days. It is interesting to note that in the last couple of years British visitors have outnumbered German tourists who have always been the top foreign arrivals in the country. In 2004, the number of visitors from Germany was 510,194 while the number of Italian visitors came third with 309,760 tourists.

A study preceding the development of a national tourism promotion strategy for 2004-2010 indicates that the main motivation of tourists visiting the Czech Republic (Exhibit 15) is experiencing history and architecture (55 percent). This could easily be related to the dominating interest of foreign tourists in Prague and the fact that Prague is the main destination in the Czech Republic. History and architecture are also the most valued aspect of the experience of foreign tourists (Exhibit 15).

Exhibit 15: Main Reasons for Visiting the Czech Republic

a.	History and architecture (importance: 55 percent) (castles and chateaus, historic towns, Prague, culture)
b.	Relaxation, nature (importance: 25 percent) (summer and winter mountains, spas, relaxation)
c.	Consumer's entertainment (importance: 20 percent) (shopping, night entertainment, beer, food)

Source: CzechTourism-Czech Tourism Authority



Exhibit 16: Various Tourism Types Rated by Foreign Tourist

Factor of apprehending the country	Position of the Czech Republic
History and architecture	Excellent
Comfort	Very good
Shopping	Very good
Relaxation and recovery	Average
Tourism and cycle-tourism	Average
Meeting with people and nature	Average
Summer sports and amusement	Poor
Nature, adventure, and winter sports	Poor

Source: CzechTourism-Czech Tourism Authority

III. MARKETING

The main national-level tourism promotion body is the Czech Tourism Authority – *CzechTourism*. The agency is a contributory organization attached to the Ministry for Regional Development. According to a representative of the Authority, the main purpose of the agency is to promote the Czech Republic as a *sought-after and attractive* tourist destination. The overall campaign tag employed by the Czech Republic is “*Come to slow down*”, which suggests that the country views itself as a destination where people can escape and recuperate from their busy daily lives.

Prague is being promoted both, in the context of the overall tourism promotion of the country, and as an individual destination. The theme of Prague’s promotion is “*Golden Prague*” and focuses on three main aspects: Prague as a **city of history**, Prague as a **city of culture**, and Prague as a **city for the young**. The brief summary describing Prague on the official website of the Czech Tourism Authority states:

“The magical city of bridges, cathedrals, gold-tipped towers and church domes, whose image has been mirrored in the surface of the Vltava River for more than ten centuries. Prague is also a modern European metropolis full of energy, music, and art. It's a city of contrasts: Serene green isles in the river and peaceful parks draping the city's seven hills are just steps away from the architectural treasures and bustling street life of the city center.

It's a place where different architectural styles stand cheek by jowl, creating an atmosphere that's both intimate and romantic, and quite impossible to forget once you visit.”

The information provided to tourists interested in Prague, breaks down the experiences that Prague offers according to the three main promotional aspects identified earlier allowing tourists to find information about *Historic Prague*, the *Fun in Prague*, *Architecture*, *Arts and Music*.

Except using traditional marketing tools as advertising and publications, *CzechTourism* organizes familiarization trips for incoming travel agencies and press trips for foreign journalists; and presents the Czech Republic and Prague at trade fairs both within the country and abroad. *CzechTourism* administers as many as 30 representations in countries abroad, mainly throughout Europe, but also in the United States. A significant aspect of the promotional efforts of *CzechTourism* is working intensively with journalists and the media in general through regular press releases, an iNFO-bulletin and maintaining of a



media gallery (photographs, videos, epostcards and basic footage which can be used by TV and film companies etc.)

One of the key tourism promotion strategies identified in the national strategy by *CzechTourism* is to use the geographic location of the country and its capital. The Czech Republic and Prague are included in many trip packages to Central Europe combining Budapest, Vienna, Dresden, Krakow, and Bratislava. However, there are no trips joining the country and Prague with destinations like Bavaria or Switzerland, even though it is much easier to reach Munich from Prague than it is from Budapest. The Authority is planning to specifically address this gap and promote a corridor between Munich and Prague as a way of attracting a maximum number of tourists visiting Bavaria to the territory of the Czech Republic.

Since 2003 *CzechTourism* is promoting domestic tourism through its website that contains a catalogue *Kudy z nudy* (the way out of boredom), which offers 700 contacts of small business and individual entrepreneurs providing services throughout different regions: biking-tourism, extreme sports, farms stays, skiing in winter and summer. According to *CzechTourism* local tourists are easier to target, because their traditions and expectations are known, and their needs and trends are easier to identify. Czech tourists are mostly interested in special forms of tourism like sports tourism (mainly biking), extreme sports and adventure, farms stays, whereas the foreign tourist are more interested in the well-known places like Prague and spa destinations.

IV. SUMMARY AND ASSESSMENT

The success of Prague as a city tourism destination is very relevant to the potential for the development of city breaks as a main tourism category in BiH. The Czech Republic, just as BiH, cannot rely on beach or significant mountain resorts to develop mass tourism.

Among the key factors that have made Prague a successful city-break destination are:

- Prague has benefited a lot from the initial **curiosity factor** after the big changes in the early 1990's. The curiosity factor is a main driver of tourist flows, as tourists (especially Europeans) look to explore new places and destinations. BiH and its cities can use the same strategy as a new and "unexplored" destination. It is important to understand that Prague, Budapest, and Warsaw initially enjoyed great popularity just based on the curiosity factor after the changes without doing any promotion. Today, the initial fascination of Western Europeans with the countries from the former socialist block is a lot less and tourists are overflowed with competitive vacation opportunities. As such an untapped destination may still need to promote itself.
- Prague promotes **different experiences** as part of the city-break experience, which not only offers variety, but diversifies the target market. These experiences are based on careful research of the travel motivation of tourists and relate to the most popular interests of foreign visitors. A key success factor in the case of Prague is the **understanding for market trends** and application of relevant strategies. Even though in the case of BiH there might be financial limitations, the country's tourism industry should be creative in finding relevant ways to understand what visitors like about their country and city breaks destinations, and how the tourist experience could be enhanced.
- *CzechTourism* utilizes media as a major promotion tool. It maintains active relationships with media and the public. The regular dissemination of brochures, electronic bulletins, and press releases maintain a high level of awareness both on the importance of tourism and the successful developments and new opportunities that the industry offers.
- *CzechTourism* had initially ignored **domestic tourism**, but has begun to realize its huge potential and is actively pursuing it.
- It is important to note that *CzechTourism* views the **inclusion of Prague in travel packages** to other destinations (when Prague is not the primary destination) in the region as a main channel for

increasing arrivals and profits from tourism.

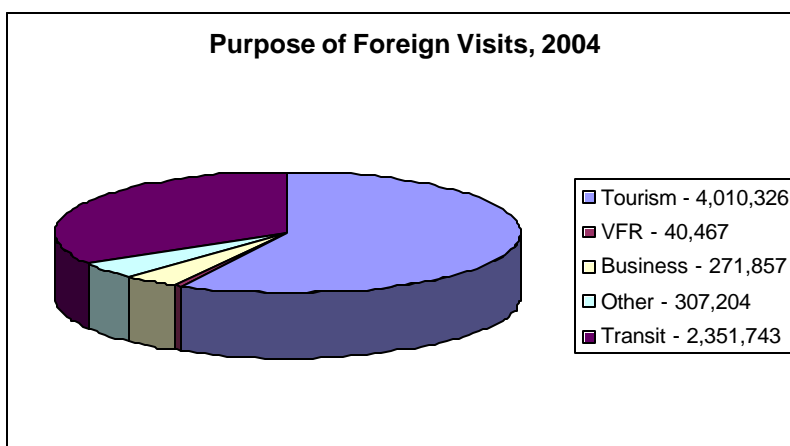
Sofia - Bulgaria

I. OVERVIEW

The history of Bulgarian tourism dates back to the late 19th century. Tourism has always been one of the significant economic sectors in the country. During the socialist period of the country, Bulgaria was a leading destination for sun & beach tourism, and to some extent, for winter sports tourism for the countries in the former socialist block. After the changes in the early 1990's Bulgaria started receiving more visitors from Western European countries, although the economic transition did not allow for a real growth in international arrivals until the late 1990's (see Exhibit 17).

In 2003, Bulgaria received 6,241,000 (almost double compared to the 3,872,000 in 1993) foreign visitors, 4,010,326 (about 60 percent) of whom had tourism as a purpose of visit. In 2003, the tourism industry contributed 10.6 percent to the country's GDP and 66.6 percent of the export of services¹⁴. In 2003 the tourism industry brought in 770 Million Euro in profits. The main sources of tourism profits are from sun & beach tourism along the Black Coast and winter sports tourism. In the last 7-8 years, Bulgaria has been actively working towards diversifying its tourism product and developing niche markets such as nature-based tourism and cultural tourism. In 2004 Bulgaria was the first country in Europe to complete and launch a National Ecotourism Strategy with a motto "*Ecotourism-Naturally Bulgaria*". Bulgaria is extremely rich in cultural and archaeological sites (40,000 sites recognized as internationally or nationally significant) and even though many of the major sites are undeveloped as tourism attractions, the country has been successful in attracting EU funds in an effort to grow its potential in this category.

Exhibit 17: Purpose of Foreign Visits

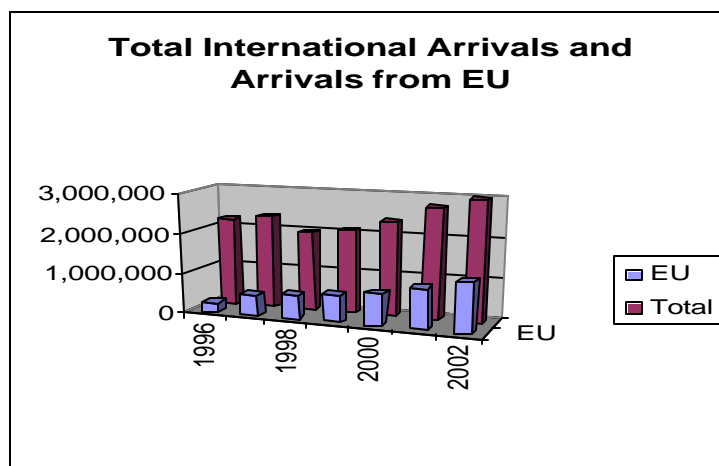


¹⁴ WTO,

<http://hermia.wtoelibrary.org/vl=2296907/cl=90/nw=1/rpsv/cgibin/wtourtfb.pl?search=countrypercent2F100>
(accessed 03/30/2005)



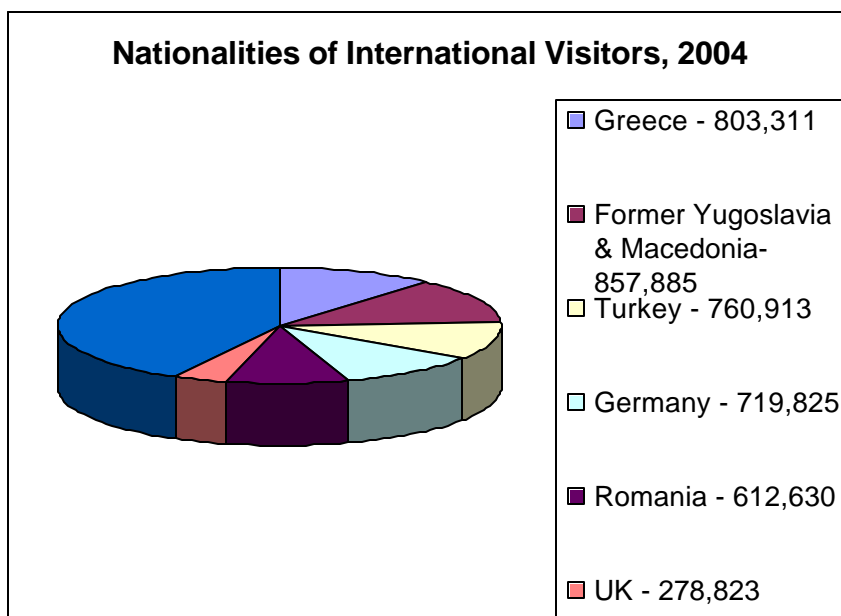
Exhibit 18: Total International Arrivals



Source: Ministry of Economy, Bulgaria

As Exhibit 19 indicates, the main countries, from which Bulgaria receives visitors, are Greece (803,311), former Yugoslavia and Macedonia (857,885), Turkey (760,913), Germany (719,825), Romania 612,630, and UK (278,823). NSI data reveals that about 1.5 Million visitors visit from neighboring countries come for their shopping.

Exhibit 19: International Arrivals by Country of Origin



Source: National Statistical Institute

II. NICHE BENCHMARK (CITY BREAKS)

Sofia is the capital city of Bulgaria. It is populated with around 1.2 million people and is the administrative center of the country. Data reveals that a significant portion of foreign tourist nights (73



percent for 2004) are concentrated in Sofia. There are several factors that contribute to this: 1) most foreign visitors coming for business purposes visit Sofia, or at least arrive at Sofia Airport; 2) even if the main destination is another region in Bulgaria, Sofia is almost always visited by foreigners; 3) Sofia is included as a stop in many tour packages for the region.

Exhibit 20: Tourism Nights and Income in Sofia (2004)

	Number of visitors with an over-night stay		Number of nights		Income in Euro	
	Total	Foreigners	Total	Foreigners	Total	Foreigners
Total	3,346,525	1,694,549	14,160,067	10,303,560	197,002,053	158,230,042
Sofia	582,041	326,720	1,070,644	654,522	37,758,453	30,592,830

Source: National Statistical Institute

The main attractions in Sofia are **historical, cultural and archaeological sites, entertainment & shopping and food & beverages**. Sofia is known as one of the oldest settlements in Europe and has existed for over 7,000 years, which makes it rich historically and culturally with elements into bringing in elements of several civilizations. Some of the most prominent attractions are the largest church on the Balkan peninsula - Alexander Nevski Memorial Church; and the oldest church on the Balkans - a basilica from 4th -6th century. Many of the most valuable heritage sites are in the very heart of the city, which creates a unique combination of century-old century in a contemporary city environment.

III. MARKETING STRATEGY

Bulgaria established its national level tourism promotional body – National Tourism Promotion Agency - just several years ago. It receives support through donor and EU programs, as well as from the national budget. In 2004 the total budget it relied on was 2.5 Million Euro. As a new structure, the Agency is still in a stage of development and building of capacity. It has still not initiated any major international promotional campaigns.

Even though it is almost an inseparable component of any tour package including a Bulgarian destination, Sofia is not being promoted abroad as an individual destination unlike Prague and Budapest. Neither the national tourism authority nor the municipality of Sofia focus on promoting the city as a city break destination. There is no promotional tag for the city, which has retained the motto *“It keeps growing, but never gets old”*, which has existed for decades. It is worth mentioning, however, that Bulgaria’s national tourism authority is a member of the European Travel Commission (ETC), which allows its inclusion in the European programs promoting city breaks in Europe. According to 29 percent of all foreign visitors arriving in Bulgaria are interested in culture. This demand explains the fact that even if not promoted as an individual destination, Sofia is always included in tour packages.

Even though the city is not directly promoted as a city break destination, it has been very active in hosting events attracting short-term visitors especially from the Balkans. The city has a new international fair center (completed in 2002) and has developed a great number of business centers providing incentives for foreign and domestic companies. This has stimulated the business travel both internationally and domestically. Sofia has also developed its food and entertainment industry well, which is a benefit mainly to the local residents, but is a major attraction for foreigners. Shopping opportunities are a major pull factor for travellers from neighbouring countries and domestic visitors as well.



IV. SUMMARY AND ASSESSMENT

There are several success factors explaining Sofia's popularity as a city break:

- Sofia is included in many tour packages that tour operators offer for Bulgaria and for the region in general. This increases the awareness among foreign visitors, even if they did not intend to come to the city, that Sofia has something to offer.
- Sofia has been very successful in developing its entertainment and shopping opportunities, as well as food & drink places. These are a major asset of the city, which is known for its well designed, original and fun places offering great food and a variety of drinks at very affordable prices.

The regular organization of trade and other business gatherings and events is a powerful way to encourage travel within the country as well as foreign arrivals from the

Meetings Incentives Conferences/Conventions and Exhibitions (MICE) - Las Vegas, USA¹⁵

I. OVERVIEW

Las Vegas is the leading Meetings, Incentives Convention and Exhibitions (MICE) location in the world. In 2004, Las Vegas welcomed more than 37 million visitors who spent more than \$33.7 billion (see Exhibit 21). During the same year it is estimated that 5.7 million of the visitors (15 percent) came to Las Vegas for MICE events and they accounted for nearly \$6.9 billion in tourism revenues (20 percent). However, the Las Vegas MICE business comes as a result of a huge investment from the Las Vegas Convention and Visitors Authority (LVCVA) (see Exhibit 21).

Exhibit 21: Las Vegas Tourism Statistics

Year	Visitor Spending (millions of USD)	Visitor Volume (000)	Hotel Rooms	Occupancy Rate	Gaming Revenue (millions of USD)	MICE Attendees (000)	MICE Economic Impact (millions of USD)
1997	\$24,952	30,465	105,347	86.40 percent	\$6,152	3,670	\$4,165
1998	\$24,577	30,605	109,365	85.80 percent	\$6,348	3,544	\$3,921
1999	\$28,613	33,809	120,294	88.00 percent	\$7,212	4,696	\$4,256
2000	\$31,462	35,850	124,270	89.10 percent	\$7,671	4,536	\$4,996
2001	\$31,908	35,017	126,610	84.70 percent	\$7,636	5,014	\$5,815

¹⁵ Information on Las Vegas' MICE tourism came from personal interviews with hotels, convention centers and people at the Las Vegas Convention and Visitors Authority including Mike Evans, Trade Show Manager, Afcom, Janalane Southard, Asst Director of Catering and Convention Services, The Venetian Resort and Casino, Tom Acker, MICE North America, Jim Germain, USAHosts, Brandon Mayer, Marketing Executive, Rio and Harrah's Resort and Casino, Steve Barry, CEO & President, TWI Group, Valerie Sagarra, Sales Executive, Las Vegas Convention & Visitors Authority, Brian J. Tyrrell, Ph.D., Assistant Professor, Hotel Management Department, William F. Harrah College of Hotel Administration, University of Nevada - Las Vegas, Curtis Love, Ph.D., Associate Professor Tourism and Convention Department, Harrah College of Hotel Administration, University of Nevada - Las Vegas and Patti J. Shock, CPCE, Professor & Department Chair, Tourism and Convention Administration Department, Harrah College of Hotel Administration, University of Nevada - Las Vegas



2002	\$31,614	35,072	126,787	84.00 percent	\$7,630	5,105	\$5,963
2003	\$32,778	35,540	130,482	85.00 percent	\$7,831	5,658	\$6,547
2004	\$33,724	37,389	131,503	88.60 percent	\$8,711	5,725	\$6,861

Source: Las Vegas Convention and Visitors Authority

Exhibit 22: Budget of Las Vegas Convention and Visitors Authority

Marketing	Actual FY 2002	Actual FY 2003	Budgeted FY 2004
Salaries & Wages	7,904,230	7,532,020	8,326,100
Employee Benefits	2,233,092	2,118,588	2,547,000
Services & Supplies	15,138,349	13,796,338	16,933,131
Advertising	60,058,011	59,059,994	64,048,200
Total Marketing Expenditures	85,333,682	82,506,940	91,854,431

Source: Las Vegas Convention and Visitors Authority

II. NICHE BENCHMARK

Las Vegas has not always been a MICE destination, but was known as a weekend getaway for gambling and fun. However in 1980, Sheldon Adelson, now owner of the Venetian Casino, took an initiative to increase the mid-week hotel occupancy rate. This initiative was to focus some efforts on attracting MICE visitors to complement the weekend getaway crowd and smooth out the occupancy rates. The first large convention that he brought into town was the Comdex, IT Expo. Las Vegas offered cheap rates for the expo facilities (approximately \$0.10/ sq. ft.). The experiment worked. Today the Comdex Expo is still one of the biggest events on the Las Vegas calendar and there is an 86 percent occupancy rate on weekdays and a 93 percent occupancy rate on weekends.

Over the years meeting planners came to like Las Vegas as a MICE destination mostly because they came trust the facilities in Las Vegas and there were ample leisure activities for MICE attendees and their guests to do.

Today, Las Vegas continues to be a great MICE destination due to the fact that the city boasts three of the top ten biggest convention centers in the world. In addition, with gambling casinos and shows etc., Las Vegas has both day and night activities for MICE attendees and their guests. Other factors that make Las Vegas a top MICE destination are that there are direct flights from many different points in the USA, thus there are cheap and convenient air flights to the destination. Finally, in the last decade, the number of high quality restaurants has increased.

III. MARKETING STRATEGY

Las Vegas' marketing is focused on two segments and both taglines are meant to portray Las Vegas as an "attitude". The tagline for the weekend leisure crowd is "What happens in Vegas stays in Vegas". This tag line has been enormously successful and connotes the adult fun that can be had in Las Vegas on the weekend. The MICE tagline is "We work as hard as we play". This has also been a successful tagline and over the past decade, MICE attendees have grown by 22 percent and over the same time MICE revenues have grown by 61 percent.



The LVCVA has also put emphasis on the development of transportation. In addition to working with airlines to increase the number of flights to and from the city, they have also increased the movement capabilities within the city by constructing a monorail system to move people from one hotel and event to another.

The LVCVA spent nearly \$92 million in 2004 to promote Las Vegas tourism. The LVCVA gets its funding from a 9 percent hotel room tax. These funds provide a common goal for LVCVA and hotels, increasing the occupancy levels. LVCVA Executives regularly visit and network with tourism industry Associations like the International Association of Conventions and Visitors Bureaus (IACVB). The IACVB has the premier convention and meetings worldwide database. It is a unique collaboration of over 150 CVBs and contains profiles on over 27,000 meetings from 14,000+ organizations, including detailed information on meetings held in their cities. This list allows the CVBs to qualify and quantify potential business leads. In addition to its collaboration with other organizations, the LVCVA has a close relationship with the tourism management school at UNLV. This allows the LVCVA to use UNLV as a source of tourism research and as a partner in developing strategy. The school can also hire UNLV graduates to serve in positions at the LVCVA.

As far as MICE promotion goes sales executives at the LVCVA are responsible for specific geographic regions. The LVCVA conducts Vegas-like road shows in other cities that promote both the MICE and leisure components of the city. The LVCVA also participates in trade shows and invites hotels and MICE-related businesses to participate with them. The LVCVA has offices in both Washington DC and Chicago to work with companies and government organizations on MICE events. Finally, the LVCVA stages co-promotions with industry partners such as airlines and hotels.

Barcelona

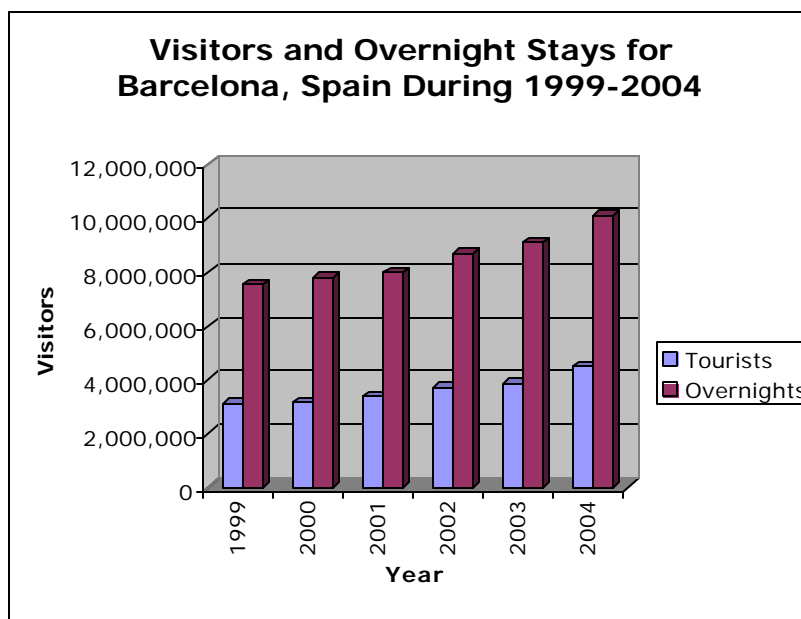
I. OVERVIEW

Barcelona has had an economic boom since the early 1990's when the city was preparing for the Olympic Games and has transformed from a provincial Spanish city to one of the most dynamic and stylish cities in Europe and in the world. This transformation took place throughout the whole city where entire districts, the harbor and suburbs were re-planned and rebuilt. Historic building and museums were renovated while the roads and communications were upgraded. After the games, the development still continues from the expansion of the harbor to the high-speed train arrival.

The city has a reputation of being at the forefront of Spanish political activism and of radical design. A certain pride exudes when it comes to art and Art Nouveau architecture. Many of the streets, and avenues house these works of the *moderista* that include Antoni Gaudi's La Pedrera and Casa Calvet. Barcelona also houses major art galleries featuring Joan Miro, Antoni Tapies and Pablo Picasso.

The city's revitalization along with its cultural attractions and its location on the Mediterranean Sea with its mild year round climate has made Barcelona one of the top destinations in Spain, as well as Europe. In 2004, Barcelona had its best year in history for tourism. The city attracted over 4.5 million visitors and over 10.1 million overnights; this was a 44.1 percent and 33.9 percent increase respectively from 1999.

Exhibit 23: Visitors and Overnights for Barcelona - 1999-2004



Source: Ajuntament de Barcelona

II. NICHE BENCHMARK

MICE tourism, involving various forms of business tourism related to groups of business individuals rather than individual business travelers, is one of the fastest growing tourism segments in Barcelona. With this in mind, Barcelona has taken advantage of its location, venues, climate, culture, culinary establishments, infrastructure, and hospitality to become the number one destination for MICE tourism as rated by the International Congress & Convention Association (ICCA).

The main venues for the MICE market are hotels where nearly 63 percent of all meetings and congresses take place, while private auditoria venues hold 15 percent of MICE related events. Conference centers have shown a positive growth ranging from 8.3 percent to 13 percent with the construction of the Barcelona International Conference Centre (CCIB).

The main attractions around the city in Barcelona that have enhanced it as a MICE location include:

- **Sagrada Familia:** Antoni Gaudí was commissioned to create a new project called Sagrada Familia and aspired to be a symbolic construction. It has three monumental façades: the east front, dedicated to the Birth of Christ; the west front, dedicated to the Passion and Death; and the south front, the façade of the Glorification, the largest of all. The four towers of each of the three façades jointly symbolize the twelve apostles. A dome-shaped tower which crowns the apse is the symbol of the Mother of God, and the four large towers dedicated to the evangelists encircle the central spire, which symbolizes Christ.
- **Picasso Museum:** The Picasso Museum in Barcelona is indispensable for understanding the formative years of Pablo Ruiz Picasso. The genius of the young artist is revealed through more than 3,500 works that make up the permanent collection. However, the Picasso Museum also reveals his relationship with Barcelona: an intimate, solid relationship that was shaped in his adolescence and youth, and continued until his death.
- **Poble Espanol:** was constituted as an original museum featuring reproductions of characteristic Spanish architecture. The space explains Spanish architecture as a meeting of Mediterranean cultures,



and is a vibrant centre for contemporary crafts, art and design.

- **Montjuïc:** is the city's foremost cultural area with attractions such as the Museu d'Arqueologia, the Museu Etnològic, the Fundació Joan Miró, the Fundació Fran Daurel and the Fundació CaixaForum, which is housed in the old Casaramona factory. Montjuïc is also the site of the performing arts complex, known as the Parc de les Arts Escèniques, which comprises the Ciutat del Teatre, the Teatre Grec and Barcelona Teatre Musical.
- **Las Ramblas:** This unique, lively and colorful boulevard runs from Plaça de Catalunya down to the port, lined with newspaper and book stands, and interspersed with bird and flower stalls. Thriving commerce has its focus on one of the side streets, the Portaferrissa. The route features buildings of great architectural value, such as the Betlem church, the 18th-century Palau Moja and the Palau de la Virreina, where temporary exhibitions are held.
- **Gothic Quarter:** An infinite variety of history and art is ever present in the district's array of cobbled streets. The Plaça de Sant Jaume stands right in the centre of the district and on either side of the square, facing each other; we can see the Casa de la Ciutat, or City Hall, and the Palau de la Generalitat, the seat of the Catalan government. Antique dealers, bookshops, restaurants, and unusual shops maintain the activity of this historical district and add to its interest.
- **Beaches:** the beaches of Sant Sebastià, La Barceloneta, Nova Icària, Bogatell, Mar Bella and Nova Mar Bella, stretches for more than four kilometres along the Mediterranean Sea. The beaches receive annually nearly seven million visitors, and have all the facilities and services necessary for these people to enjoy a pleasant and safe day at the beach.
- **Harbor:** With the opening of the city to the sea, a project first undertaken in the 1980s, the redeveloped seafront, from the Moll de la Fusta and the area around the Palau de Mar to the Rambla de Mar and the Olympic Port area, has become one of Barcelona's most popular spaces for recreation and leisure.
- **Mount Tibidabo:** Tibidabo is the highest point of the Serra de Collserola, an extensive woodland area that has been converted into a metropolitan park 500 meters above sea level. There is an excellent panoramic view of the city from the top.

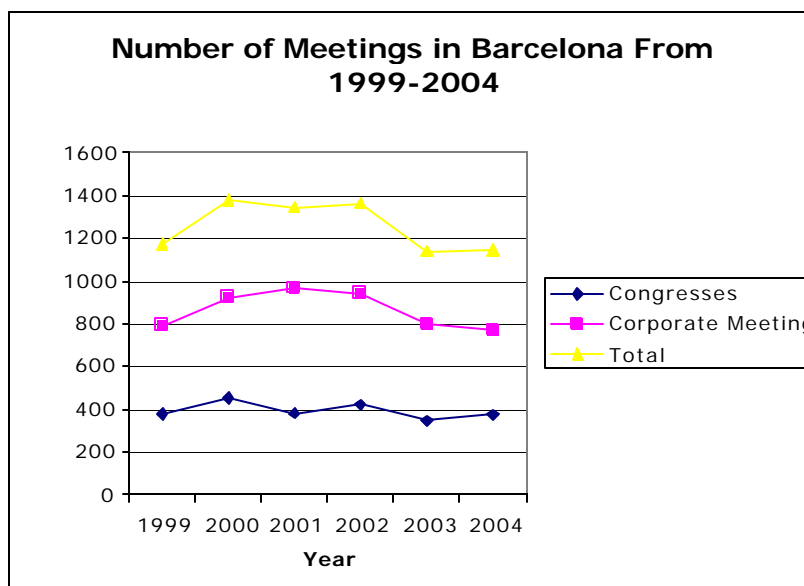
Exhibit 24 shows that the current total number of meetings and congresses has not been the highest in Barcelona's history; 1,146 meetings in 2004 were a 16 percent decrease from the all time high in 2002. However, in 2004, the total number of delegates, overnights, and direct economic impact has been the best the MICE industry has seen. Exhibit 24 shows a 24.6 percent increase of delegates from 2003, while Exhibit 25 shows a 24.9 percent increase of overnight stays from 2003. The average night stay for the delegates of the conferences and congresses was 4.47 days¹⁶ while the average stay for corporate meeting attendees was 3.27 days¹⁷ for 2004. It is clear that the MICE industry in Barcelona is changing. One of the most noticeable changes is the decrease in the total number of meetings being held but a larger overall participation of delegates and attendees (See exhibit 24 & 25).

¹⁶ "Congress Market Study 2003" BCF Consultors and "Corporate Meetings Study for Spain 2002-2003"

¹⁷ "Congress Market Study 2003" BCF Consultors and "Corporate Meetings Study for Spain 2002-2003"

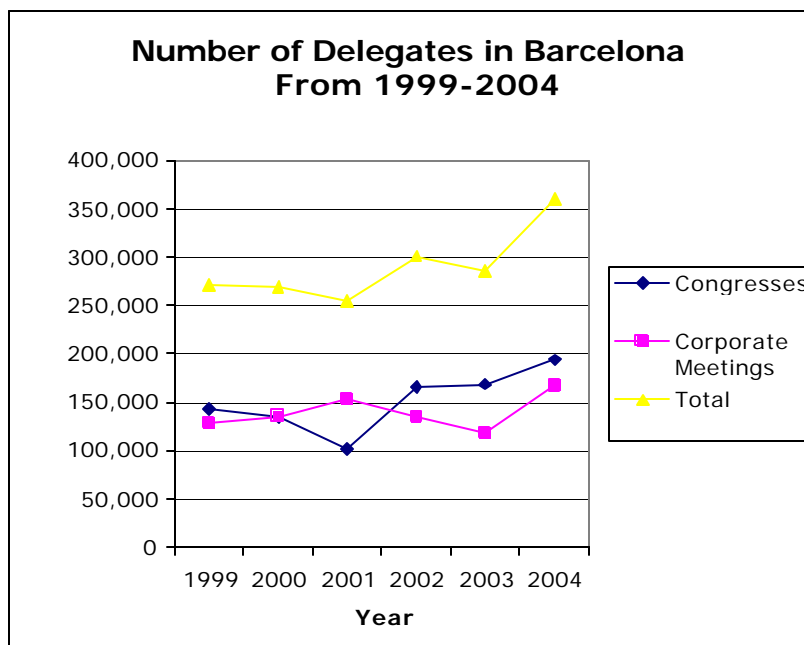


Exhibit 24: Number of Meetings in Barcelona from 1999-2004



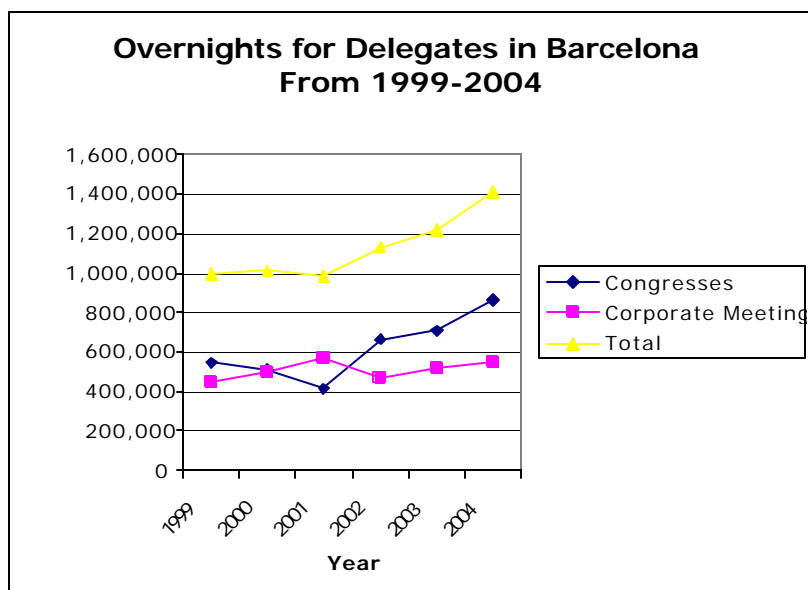
Source: Barcelona Convention Bureau

Exhibit 25: Number of Delegates Attending Meetings in Barcelona 1999-2004



Source: Barcelona Convention Bureau

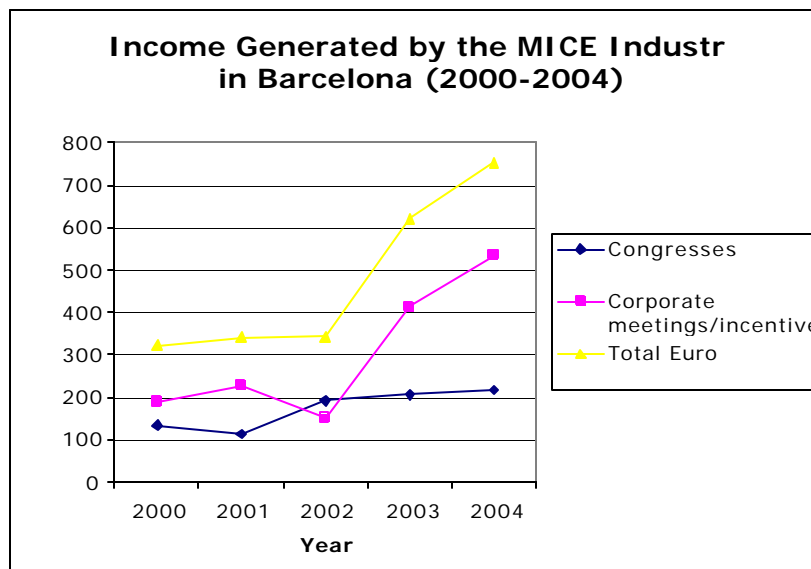
Exhibit 26: Number of Overnights of Delegates in Barcelona (1999-2004)



Source: Barcelona Convention Bureau

The economic impact of the MICE industry is estimated at 752.7 million euros. This is shown on Exhibit 27 where there is a 21.4 percent increase from 2003.

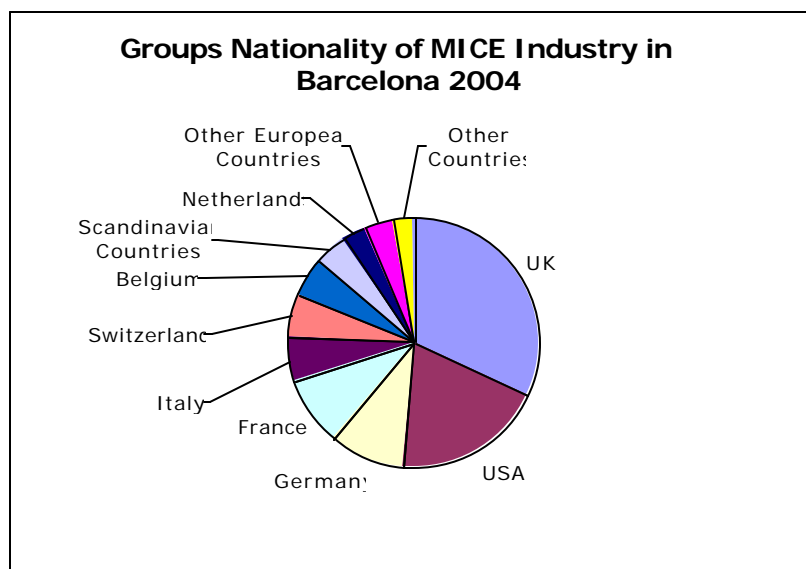
Exhibit 27: Income Generated by the MICE Industry in Barcelona (2000-2004)



Source: Barcelona Convention Bureau

Of the 432 events with known origin, there was a decrease in the previous year's three main markets (United Kingdom, United States, and France). One of the biggest decreases was in the British market (-21 percent), which is partly due to the exchange rate differentials. Germany moved up from fourth to third place with a growth of 28 percent. Switzerland and the Scandinavian countries also experienced increases.

Exhibit 28: Groups by Nationality of MICE Industry in Barcelona 2004



Source: Barcelona Convention Bureau

III. MARKETING STRATEGY

There are several promotional campaigns that target the MICE market. For example, the Barcelona Congress Card is an all in one card given to a delegate or meeting attendee. It has the name of the event on the card and gives free access on public transportation and discounts at 30 participating businesses throughout Barcelona. The Spirit of Barcelona video/DVD is sent to any meeting planners that are considering Barcelona for any MICE related events. Among other things, promotions highlight the new Barcelona International Conference Center (CCIB) which is able to house multiple congresses and conventions at the same time. It is equipped with all of the latest in modern technologies and is located on the waterfront with easy access to all of Barcelona's main attractions. In addition, "Barcelona is waiting for you" and "Barcelona, Love Stories" are two short videotapes/DVDs that are also sent to abroad, mainly to travel agencies, to highlight the wonders of Barcelona. For 2005-2006, Barcelona Food, Cuisine and Gastronomy is a campaign that will promote the city as one of the top destinations for cuisine. The campaign will highlight styles of cooking and culinary tradition in the region.

The 1992 summer Olympics in Barcelona was the start of great international exposure and promotion for the city. The city proved that it could host the largest international event in the world as billions of viewers watched the games. Many hotels and venues were built during these games and were a perfect transition to host MICE tourism after the games. The target market for the MICE tourism after the games was the world but the United Kingdom, US, France and Germany were the top countries

IV. SUMMARY

Barcelona has a rich history of culture, arts and food to make it a top destination in Europe. The people of Barcelona are very proud of their heritage and are willing to talk to you about their region. These attributes plus its location on the Mediterranean Sea with its ideal climate and access to the mountains are easy to plan year round events.

Barcelona has worked hard to achieve the number one position for the MICE market. The city began upgrading and creating new infrastructure such as more hotels for the influx of visitors and venues to host the events for the 1992 Olympics. The improvements continue with the completion of the CCIB for larger



conventions, congresses, and access to the city via the international airport with more frequent flights from major cities in the Europe and the US. Also, the Barcelona Convention Bureau (BCB) has been instrumental in facilitating large meeting and conventions and is a great resource for the meeting planner.

Nepal¹⁸

I. OVERVIEW

Nepal is one of the richest countries in the world in terms of bio-diversity due to its unique geographical position and latitudinal variation. The country boasts a variety of ecosystems ranging from thick tropical jungles to frozen valleys. Nepal is also home to the world's highest mountain, Mt. Everest (8,848m). In fact, 8 out of the 10 highest peaks in the world are located in Nepal. All these factors make Nepal a great location for ecotourism. However, the accessibility of the country is an issue as it is locked between the countries of India and China (Tibet). In the past few years, a Maoist Communist rebellion in the countryside that has spread to Kathmandu has drastically reduced tourism. However, prior to this rebellion, Nepal had built a viable tourism industry.

Exhibit 28 shows that in 1999, the peak year for tourism in Nepal, over 464,000 tourists visited the country spending \$167 million.

Exhibit 29: Nepal Tourism Statistics

Year	Tourist Arrivals (000)	Tourism Receipts (millions of USD)
1990	255	64
1995	363	117
1999	464	167
2000	361	140
2001	275	107

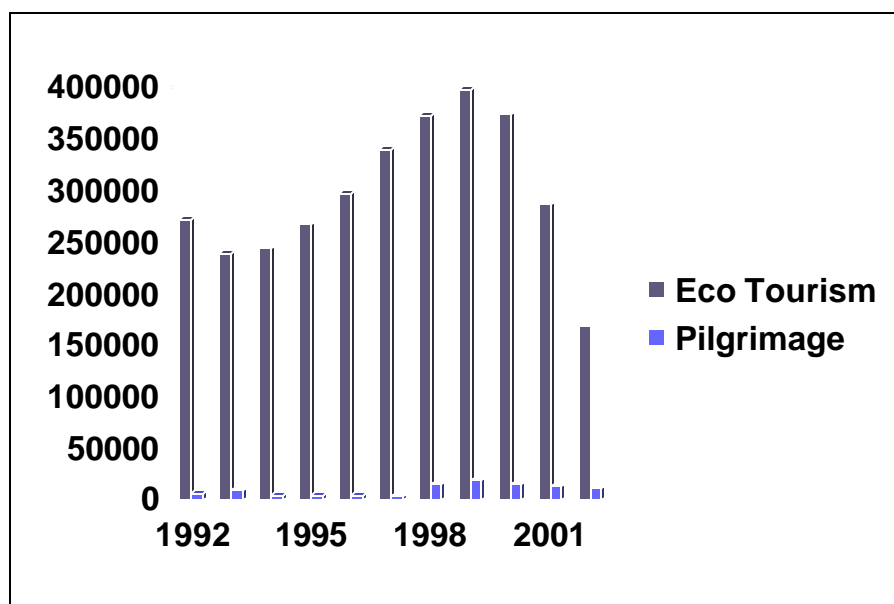
Source: WTO

Traditionally, Nepal's main tourist generating markets are India (24.2 percent), Japan (8.4 percent), UK (7.6 percent), USA (6.4 percent) and Germany (5.7 percent). Secondary markets include France, Spain, Italy, Netherlands and Australia. These markets comprise 70 percent of the total market share in terms of tourist arrivals. Nepal is also focusing on China as a potential emerging market for tourism in the country.

The profile of the average tourist is male (63.4 percent) and young. The average age of a tourist is 39 years old. The majority of tourists come to Nepal for ecotourism, a small minority, mostly from India come to Nepal for religious pilgrimage in order to visit either the Lord Shiva Temple of the birthplace of Buddha (see Exhibit 29).

¹⁸ Information was gathered through personal interviews with participants in the tourism market in Nepal including Ms. Nandini Lahe – Thapa, Marketing Director, Nepal Tourism Board, Mr. Klaus Russo, GM – Radisson Hotel Kathmandu, Mr. Manohar Rana, Director – Yeti Travels, Mr. Deepak Manandhar, Director – Royal Nepal Airlines, Mr. Chandra Ale, Operations Director – Ultimate Descents Nepal – (Adventure Tourism Company) and Mr. Anup Thapa, Manager – Annapurna Mountaineering & Trekking¹⁹ Posters courtesy of Royal Nepal Airlines and Annapurna Mountaineering & Trekking

Exhibit 30: Nepal Types of Tourism by Visitors



Source: Nepal Tourist Board

II. NICHE BENCHMARK

Nepal is a prime destination for activities such as mountaineering, trekking, rafting as well as for wildlife safari in Nepal's national parks. UNESCO has listed nine sites, in Nepal, as World Heritage Cultural Sites. Out of these sites, eight can be found in Kathmandu Valley, which comprises the cities of Lalitpur, Kathmandu and Bhaktapur. The other place is located at Lumbini and is the birthplace of Lord Buddha.

Adventure tourism in Nepal dates back to the early attempts to ascend the world's highest peak, Mt. Everest fifty years ago. Today, Nepal is an adventurer's delight and it offers a plethora of outdoor activities, from paragliding near the mountains to searching for the Royal Bengal tiger in Chitwan's wildlife park. Trekking and mountain climbing are still the most popular sport among visitors. Rafting on white water mountain streams across the typical cross section of Nepal's geography is equally popular. Jungle safaris allow visitors to see Nepal's rare varieties of animals and birds. Nepal also offers bungy jumping above the wild waters of River Bhote Koshi. Canyoning to explore the rugged and out-of-reach landscapes is another option at the site.

Aerial activities such as hot-air ballooning offer a good view of the mountains. Mountain flights offer the closest possible spectacle of Mt. Everest and other peaks.

The climate in Nepal varies from by region in accordance with the geographical features. In the north, summers are cool and winters severe, while in the south summers are sub-tropical and winters mild.

The country has managed to preserve some endangered species of Asia in its extensive parks and protected natural habitats. Animals like tigers, rhinos, monkeys, bears, yaks, leopards and different species of insects and birds exist in these parks. In fact, Nepal is home to almost 10 percent of the world's bird species among which 500 species are found in the Kathmandu Valley.

III. MARKETING STRATEGY

The Nepal Tourist Board (NTB) has been very aggressive at promoting itself internationally. The NTB has divided the potential target market into three categories. The Primary markets include India, US,



Japan, UK, Germany, Australia, and China. Secondary markets include Spain, Netherlands, France, and Italy. Potential markets include the regions of the Middle East and Southeast Asia (Malaysia, Thailand, Singapore, Sri Lanka). This market segmentation strategy is the key factor in deciding where the NTB will stage its road shows and to which tour operators it will offer familiarization (FAM) trips.

The NTB has a three pillar strategy for promoting Nepal as a tourist destination. First the NTB participates in trade fairs around the world. Some of the better-known trade shows are the World Trade Mart UK and the ITB Berlin. At each of these trade fairs, the NTB sets up a Nepal Pavilion at which there are NTB officials. Local travel agents and hotels also participate in the pavilion at a certain cost. At these trade fairs, the NTB facilitates meetings for the travel agents/ tour operators and provides the necessary media support. The NTB also hosts conferences on Nepal tourism, which are followed by cocktails and dinner.

The Nepal Tourist Board also conducts two road shows per year to attract visitors to Nepal. In 2003, the NTB conducted these road shows in the US and in Japan. Destinations for these road shows are decided by the NTB and are carried out in countries that are being targeted for tourism expansion. The NTB uses its regional tourism organization, the Pacific Asia Travel Association (PATA) to help organize the trips. PATA also provides the NTB with a database of major wholesalers in that area/region. As with the trade fairs, Nepalese travel agents and hotels can participate at these road shows at a certain cost.

In each of these cities where a road show will take place, the NTB invites major tour operators/wholesalers attend a conference on Nepal Tourism. In addition, during the week of NTB's visit to the city, local news publications run articles on Nepal Tourism. This is arranged through a local PR firm. In addition, a dinner will be put on for the big tour operators and is often centered on the theme "A Night in Nepal" and will feature Nepalese cuisine, traditional dance, artisans and videos and pictures of tourist attractions in the country.

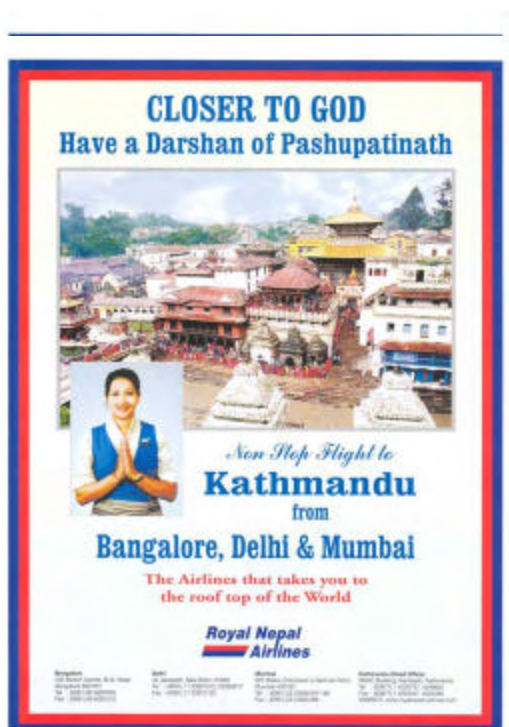
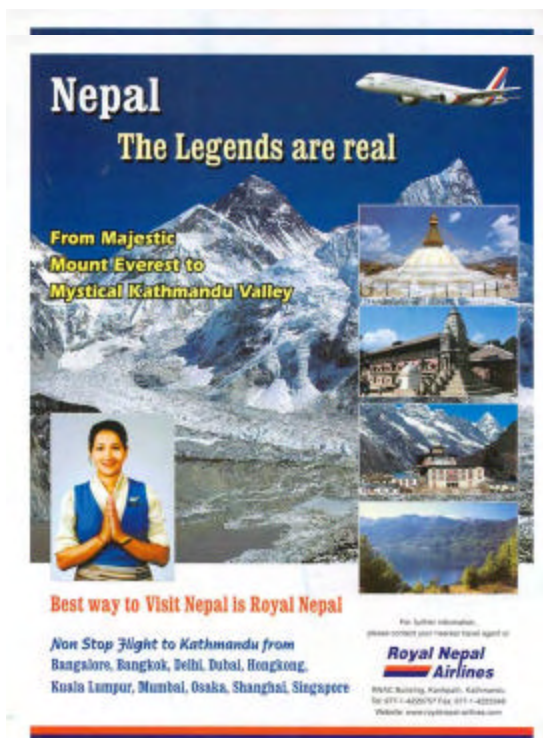
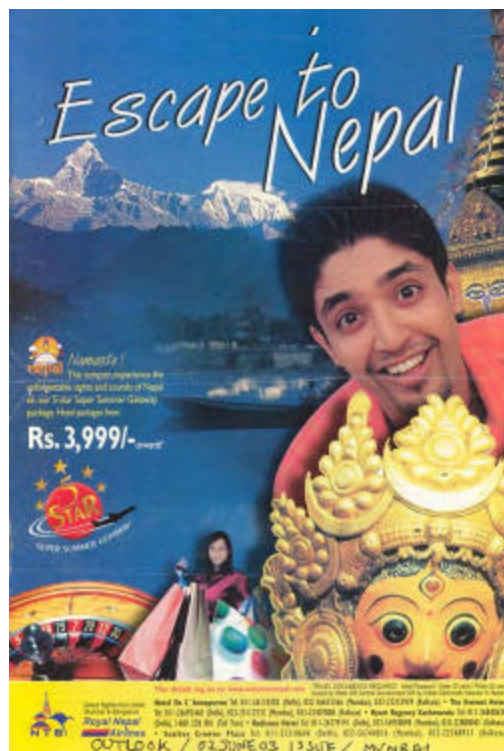
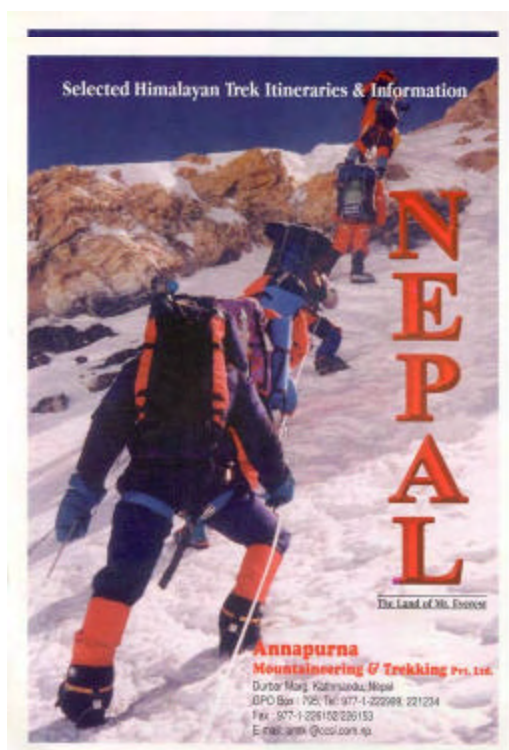
Third, the NTB uses FAM Trips to attract media, airlines, hotel chains, international ecotourism organizations and major tour operators to Nepal. Local airlines and hotels provide support in terms of free airfare and hotel for the guests. Many times the FAM trips will be coordinated with the road shows. For example, before road shows in the USA and Japan, the NTB invited media and tour operators from those countries for a FAM trip.

In other areas, the NTB coordinates strategies with key tourism stakeholders. The NTB works with Nepalese tour operators to offer international wholesalers and tour operator's different packages and flexible rates. Some of these packages include trekking packages, wild life packages and adventure sports packages (includes white water rafting, trekking, mountain biking or trip to base camp of Mt. Everest). In these situations, local tour operators handle incoming of tourists where as the international wholesalers and tour operators will market and get them to come to Nepal. Based on the package sold to the client there is a fixed revenue share that takes place between the local and international tour operators. An example of these types of promotions can be seen in Exhibit 30.

The NTB is working with NGO's that have managed to set up 18 Sustainable Tourism Network (STN) in Nepal for promoting and conducting ecotourism. With these organizations the NTB has projects focused on developing infrastructure. One such project is being carried out jointly with Ecotourism in Protected Areas Network (ETPAN). Other work has been carried out in securing funds from various international organizations such as the World Bank, WWF, IMF etc. for infrastructure development focused on ecotourism. Other monies have been used to set up tourism industry training institutes to educate those in tourism about sustainability and how to manage effective ecotourism sites. Other projects include creating jobs in rural villages of Nepal by creating Eco Lodges/ Ecotourism resorts and camps etc.



Exhibit 31: Promotional Brochures¹⁹





Lebanon²⁰

I. OVERVIEW

Lebanon is a country that suffered from a terrible civil war from 1975-1991. This civil war coupled with an invasion by the Israeli Army in order to expel Palestine Liberation Organization (PLO) fighters from Lebanon in the early eighties, reduced Beirut, previously known as the “Paris of the Middle East”, to a pile of rubble. In addition, to stopping all international tourist arrivals, the civil war seriously damaged Lebanon's economic and physical infrastructure, cut national output in half, and ended Lebanon's position as a Middle Eastern banking hub.

In the years since, Lebanon has attempted to rebuild much of its physical and economic infrastructure. The rebuilding of Central Beirut, led by the recently assassinated former Prime Minister Rafiq al-Hariri was one of the most ambitious and urban renewal and development projects in history. The project covered 1.8 million square meters of land a cost tens of millions of dollars. However, today, where rubble once littered the streets, there are new office buildings, state-of-the-art residential housing, upscale fashion shops, outdoor cafés and fashionable restaurants. An unexpected consequence of the development project was that the work unearthed archeological finds from almost every period in Beirut's history including Canaanite, Phoenician, Persian, Hellenic, Roman, Byzantine, Umayyad, Abbasid, Crusader, Mamluk, Ottoman and French Mandate. These discoveries have renewed interest in the history of Lebanon and have led the country to begin to refocus itself on promoting Lebanon as a tourist destination.

Tourism statistics on Lebanon are not reliable. The World Tourism Organization held a Regional Workshop on Tourism Statistics in Beirut on 22-24 March 2004, in order to better coordinate the collection of reliable tourism statistics.²¹ That being said estimates for 2002 put the number of tourists in Lebanon at around 950,000 tourists, which spent nearly \$1 billion. In 2002, Ministry of Tourism Statistics showed an eleven percent rise from 2001. In addition, during the months of July, August and September, Lebanon's high season, the increase was 19 percent from 2001. For the past several years, there has been a steady ten percent increase in the number of tourists.

Many of Lebanon's tourists are upper and middle class Gulf Arabs who stay in Beirut and surrounding mountain areas. These tourists perceive Lebanon as the "Las Vegas of the Middle East," where they can enjoy nightlife and entertainment. Gulf Arabs are good tourist because they tend to stay longer (on average they stay 10 days in Lebanon) and spend money. Tourism Ministry Director General Nada Sardouk believes that they spend on average between USD 10,000 and 25,000 per visit.

As a result of this influx of tourists, several new multi-million hotels are under construction in the Beirut area to accommodate the increasing tourist flow. In 2002, Beirut's four- and five-star hotels offered a total of 5,800 rooms, a 15 percent increase over 2001. The Phoenicia Intercontinental Hotel with 462 rooms had an average occupancy rate of 87 percent for the months of July, August, and September. The beach resort Movenpick had an average occupancy rate of 93 percent for the same period, while local hotel Bristol had an average occupancy rate of 70 percent. As a result of the increased demand for luxury hotels, chains such as Hilton, Starwood, the Four Season, and others are spending or have spent in the region of \$200 million on hotel projects, all of which are being built in downtown Beirut and the nearby

²⁰ Most of the overview information on Lebanon came from the Ministry of Tourism (<http://www.lebanon-tourism.gov.lb>), www.tourisminlebanon.com and <http://www.destinationlebanon.com/index.asp>

²¹ World Tourism Organization



mountains over the next three years. UAE tycoon Al Habtoor is so happy with the performance of his 17-month old, five-star Metropolitan Hotel in Beirut that he is building a USD 150 million "diverse city center building that will include another hotel and open in 2006.

II. NICHE BENCHMARK

Increasingly as visitors come to Lebanon, there is a curiosity about the history of the country and the civil war. This new type of tourism, called **Phoenix Tourism**²² focuses on places in the world, such as cities or countries, which are rising from the ashes of war, destruction, or international pariah status. Cities just back from the brink of disaster offer a vibrant edginess that is increasingly scarce. Phoenix destinations tend to draw well-heeled, middle-aged travelers as opposed to young backpackers looking for cheap thrills, otherwise known as war tourists. Silversea Cruises of Florida has ships that regularly dock in Beirut. Upon arrival in Beirut, their passengers often whip out their cell phones to call disbelieving friends back home. However, the company says, "Bragging rights are only part of the allure. What inspires people once they have arrived is the resilience of the survivors,"

Unlike some Phoenix Tourism sites, such as Rwanda, Lebanon has not used its civil war as the *raison d'être* for tourism in the country. Instead what Lebanon has realized that it is important to attract tourists to the country for more traditional reasons. Lebanon focuses its tourism offerings on historical culture, antiquities, nature, and city breaks in Beirut. However, the country is aware that tourists, coming from international locations, will have heard about the country's past and will be naturally curious about it.

Some of the tourist sites in Lebanon have built attractions, which address the war and attempt to educate the tourists about it. For example, the National Museum, the country's prime location for seeing cultural artifacts for all the periods of history, screens a 15-minute video of its history of which the most fascinating account is how the curators saved the collections during the war. At the Solidere Information Office in Central Beirut, the tourist can see models of what the area looked like before the construction began and can follow the progress made during the redevelopment period. In addition, a popular club called 1975 after the first year of the 15-year civil war uses spent shells as decorations. As a result of demand for information on the war, Beirut tour guides have made bullet-pocked buildings stops on their circuits.

In the south of the country, another tourist site recalls the war against the "Israeli occupation". The Al-Khiam Detention Camp was a prison that was run by the Israeli-backed South Lebanese Army (SLA). Hizballah (The Party of God), a group that resisted the occupation has set up a museum in the camp. Signs point out where prisoners were executed. Many have stated that the experience is very moving.

Tourists that are educated on the war and its effects, marvel at Beirut's swift recovery, says Pierre Achkar, president of the Lebanese Hoteliers Union. "When you compare the pictures from 1992 [with] how it is now, you see we have made very, very, very good progress." There is a feeling among the Lebanese a tourist presence and understanding of the war can be therapeutic. "To see a family of German tourists walking down the street, with the [weather] getting warmer and the restaurants having their terraces open, people feel really good about that." James Billings of the Beirut-based director of SRI International, a consultancy under contract to USAID to promote rural tourism in Lebanon states that Phoenix cities need tourists not just to kick-start economies, but as witnesses to their history.

²² "Back From the Brink", By Tracy McNicoll, Ginanne Brownell and Carla Power, Newsweek International, April 11, 2005



III. MARKETING STRATEGY²³

The current marketing strategy has been constructed through the collective and collaborative efforts of the Lebanese Ministry of Tourism, USAID, SRI International and the Social and Cultural Development Association (INMA). Overall, the project has focused on identifying the key target markets for tourism in the Lebanon. Exhibit 31 identifies the key target markets and their travel interests.

Exhibit 32: Key Target Markets

Key Target Markets		
Tourism Target Markets		Growth Rate '90-'01
		Travel Interests
	Arabs	8.7%
	Lebanese Families	NA
	Young Lebanese	NA
	Lebanese Retirees	NA
	E. Asians	7.0%
	European N.America Aus/NZ	3.0%
		Shopping, nightlife/casino, restaurants, theme parks Long stays (6-8 weeks), but only summer
		High demand for family attractions year-round Potential growth in educational/nature tourism
		Strong interest entertainment, nightlife; Growing interest in exploring Lebanon; but price sensitive
		Mostly expatriates, interest in exploring heritage High-growth due to aging population
		Interest in shopping/entertainment, as well as nature Japanese market is key, mostly package tours
		Strong interest in nature, culture, adventure Very security sensitive

Source: SRI International

The project is focusing on creating a program of sustainable tourism, which

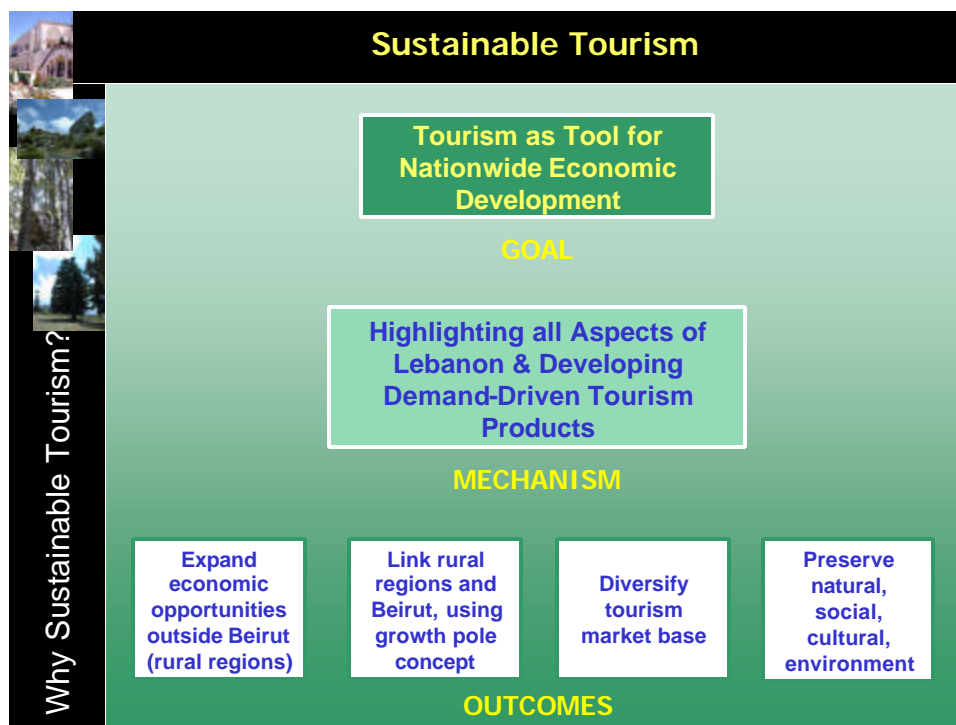
- 1) Promotes tourism that supports social harmony
- 2) Cultivates segments that respect and conserve Lebanon's fragile environment
- 3) Provides a sustainable source of income that benefits diverse segments of Lebanon's economy
- 4) Helps tourism businesses become more competitive and profitable

The overall strategy for the country is summarized in Exhibit 32.

²³ The Marketing Strategy is based on a joint report by SRI International and USAID entitled "Updated Strategy for Sustainable Tourism Development in Lebanon, March 2003



Exhibit 33: Sustainable Tourism Strategy

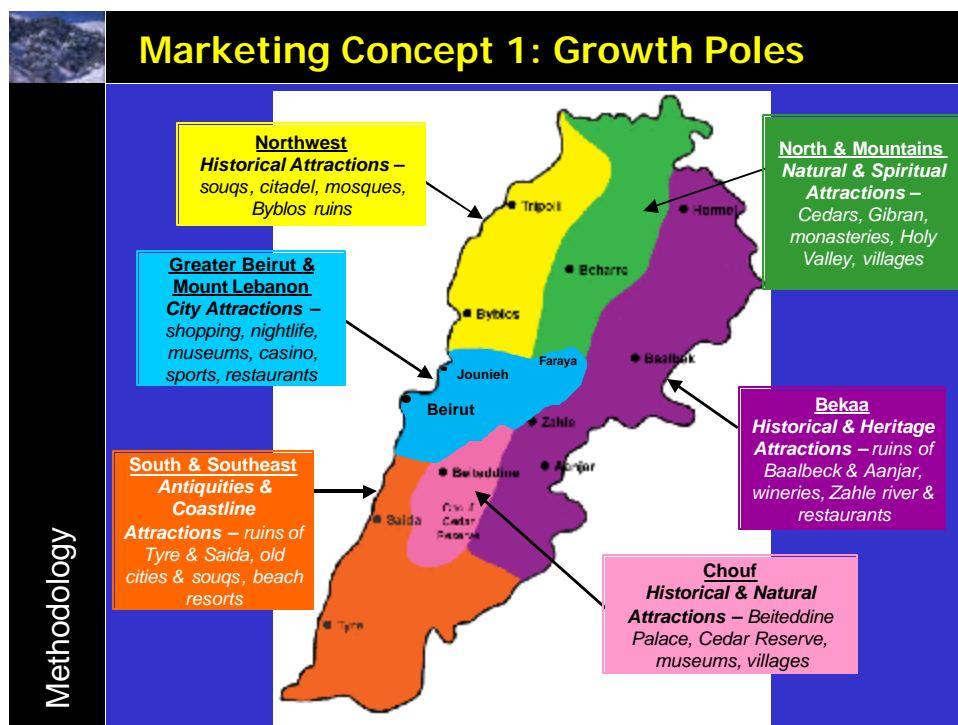


Source: SRI International

In line with the overall strategy, SRI International has worked collaboratively with INMA and the Professional Computer Association (PCA), to create the DestinationLebanon website (<http://www.destinationlebanon.com/index.asp>), under the sponsorship of the U.S. Agency for International Development (USAID).

The group has also created a strategy that segments the country's tourism offerings into six destinations, four themes and a seasonality component. Exhibit 33 shows the segmentation by the six destinations.

Exhibit 34: Lebanon Tourism by Destination



Source: SRI International

Each region has been given its own tag line and anchor attractions have been identified²⁴. Beirut's tagline is "Cosmopolitan Flair". The tourism in Beirut is focused on the benefits of city life (city breaks) such as shopping, nightlife, cultural museums, casinos and restaurants.

The anchor attraction for Beirut has become the Beirut Central District (Solidère). Visitors can stroll through the redeveloped district and see the ornate, beautifully restored buildings in their arabesque yellow and pastel stonework, graceful arches. The ancient ruins of Roman baths, markets, and buildings that have recently been uncovered and left exposed are also main attractions. Tourists can enjoy strong Lebanese-style coffee and a sweet in any one of Beirut's many Parisian-style sidewalk cafés in the neighborhood.

Shopping also draws many people to Beirut. The city has many unique artisan shops, selling high-quality Lebanese handicrafts. If a shopper is looking for trendy, contemporary fashions, the Rue Hamra is one of the city's chic shopping malls. The restaurant sector has benefited greatly from the large inflow of tourists. Beirut's Central District now has 63 restaurants and last years saw a doubling in the number of restaurant customers.

The National Museum attracts those interested in the cultural historical side of the country. The museum houses treasures that trace the history of the region, from prehistoric Egyptian artifacts, to Phoenician statues and glassware, to Roman and Byzantine jewelry. You can also explore the city's religious heritage by visiting its well-preserved mosques and churches that were built from the 12th to 19th centuries.

²⁴ Description of each region courtesy of Lebanon's Ministry of Tourism and Destination Lebanon



For the more active visitors, the Corniche area, which runs along the Mediterranean coast, provides opportunities for exercise by walking, jogging, roller-blading, or biking four and five star hotels also offer gym, health clubs, spa treatments and massages.

Finally, people can party all night at one of Beirut's nightclubs or gamble in the Casino du Liban in the north area of Beirut.

North Lebanon's (including the Northwest and the North & Mountains) tagline is a **“Natural and Spiritual Sanctuary”**. The area is home to the country's most unique and sacred religious sites, making the region a spiritual, as well as natural, haven. The Holy Qadisha Valley has been a place of refuge for those fleeing religious persecution since the 5th century. As the seat of the Maronite Church (a Catholic sect established in Lebanon in the 6th century AD), the valley houses some of the most important early Christian monastic settlements. The Qadisha's ancient, rock-cut monasteries are a destination for those seeking pilgrimage and retreat.

In addition to the spiritual, Tripoli, Lebanon's second largest city is located in the region. The city has been inhabited since the 14th century BC and has been ruled sequentially by the Persians, Alexander the Great's successors, the Romans, Mamluk Muslims, and Turkish Ottomans. As a result, the city is filled with historical and cultural sites, including mosques, Turkish baths, a crusader castle, and restored souqs (traditional market places).

Near the town of Bcharre there are two tourist sites. You can visit the birthplace and tomb of Lebanon's revered mystic poet and artist, Khalil Gibran, in Bcharre, and walk through this traditional, red-roofed, mountain village overlooking the Qadisha Valley.

On the nature side, just outside the city at the Arz ar Rab, people can wander through forests that contain 1,000-year-old cedar trees, the symbol of Lebanon.

Other natural attractions include climbing Lebanon's tallest mountain, Qornet es-Sawda (3,090m), skiing at the country's highest ski resort, The Cedars or taking a boat ride to the Palm Islands Nature Reserve to watch birds, endangered sea turtles, and other wildlife.

South Lebanon (South and Southeast regions) has adopted the tagline of **Ancient Coastal Land**. For those interested in culture, religion and history, the area contains the ancient cities of Tyre and Sidon with their Ottoman-era souqs and restaurants, which overlook the Mediterranean. In Tyre, tourists can explore the remains of the largest and best-preserved Roman hippodrome in the world as well as other remnants of this ancient coastal metropolis. In close proximity to Tyre are several biblical sites, which include the Tomb of King Hiram, the Phoenician King of Tyre who was a contemporary of King David and King Solomon

In Sidon, tourist can visit the Sidon Sea Castle, a crusader's castle sitting on a small island in the harbor, connected by a stone bridge to mainland Sidon. The ruins of the Phoenician Temple of Eshmoun honoring the principal god of the city of Sidon are also located within the city. Finally, many Christian tourists like to visit the village of Qana, where Jesus Christ is said to have performed his first miracle, turning water into wine at a wedding he was attending with his mother and the disciples.

On the coastal side of tourism, the area contains pristine beach resorts complete with snorkeling and diving activities. Tourist can snorkel or dive among long-submerged Phoenician and Roman ruins near the ancient cities of Sidon and Tyre. They can also catch a glimpse of endangered sea turtles and other fascinating marine life at the Tyre Beach Reserve.

The Mount Lebanon Region containing the Mt. Lebanon and Chouf areas has been branded as a **Journey into Nature and History**. The region is an outdoor adventure-lover's paradise and very popular with the local from Beirut. The cool mountain villages and summer resorts throughout the region are popular destinations for summer holidays and weekend getaways. In fact between 50 and 60 percent of domestic



tourist come to the region that is predominantly inhabited by Druze and Christians, who have shown tolerance towards Muslim tourists over the years

With its high, snow-capped mountains running north to south through the center of the country, Mount Lebanon offers a rocky, rugged terrain that is perfect for a variety of outdoor sports and adventure activities. Mount Lebanon's peaks offer excellent opportunities for skiing, hiking, mountain climbing, and other winter and outdoor adventure sports. In addition to world-class ski resorts, tourists can also mountain bike along the mountain trails that cover Mount Lebanon's rugged peaks.

Historical and cultural sites are also scattered throughout Mount Lebanon. The ornate reception rooms and baths of the Beiteddine Palace allow tourists to get a taste of the 19th century life of the Emirs. To go even further back in history, tourists can visit the ruins of Byblos (Jbeil), on the coast, where there are remains of settlements dating back to the Stone Age. It was in Byblos that the Roman alphabet was invented.

At the southern end of Mount Lebanon, the Chouf region is home to the famed ancient cedar trees of Lebanon. The region is also home to the country's largest nature reserve, the Al-Chouf Cedar Reserve, a mountainous-forested area with an abundance of trees, birds, endangered mammals, and unique plant life. The Reserve is a popular destination for hikers, bikers, and bird watchers. Tourists can also visit the quaint villages in the Chouf Mountains to get a taste of the traditional rural life of the region.

The Bekaa Valley is known as the Corridor of Civilizations and contains, arguably, one of the most impressive ancient sites in the Middle East, Baalbek. Throughout ancient history, the valley was a thoroughfare for commerce, a meeting-point for major trading routes connecting Damascus with the coast and the Arabian Peninsula to more northern regions. The many impressive archaeological ruins in the valley reflect its historical role as a crossroads for the civilizations that have inhabited the area over time. The magnificent Roman ruins at Explore the magnificent Roman ruins at Baalbeck are home to one of the best-preserved and largest Roman temples in the world.

Other cultural sites include the 8th century Umayyad city of Aanjar with its impressive souqs, gates and baths, the 5th century rock-cut monastery of Deir Mar Maroun and the 2000-year old Hermel Pyramid.

For the adventure-lover, trekking, cycling or camping activities are available at an ecolodge in the remote, beautiful, rolling hills and mountains of the northern Bekaa. Another option is rafting or kayaking trips on the al-Aasi River.

Finally, many tourists visit Zahle, Lebanon's "City of Wine and Poetry," to enjoy local cuisine in a beautiful, open-air restaurants, set on a cliff above the Bardaouni River, shaded by vine-covered awnings and leafy trees. The Bekaa's world-class wineries reflect a 4,000-year-old tradition of winemaking.

The four themes that Lebanon promotes as its tourism offerings are Culture & History, Nature & Adventure, Kids & Family, and City Life. While it is evident from the discussion relating to the six regional destinations that Culture & History and Nature & Adventure are the key themes in Lebanon's tourism offering, we will discuss briefly the other two types of themes, Kids and Family and City Life. These two tourism themes are primarily focused at getting Lebanese out to tour their own country.

Lebanon is a family-oriented country and the Kids & Family theme is attractive to these groups of tourists. The small size of the country, its emphasis on family life, and its open, friendly culture make Lebanon an excellent destination for exploring educational, cultural, and recreational activities with children. In addition, the mild, Mediterranean climate allows for year-round outdoor activities. In the summer and holiday seasons, villages throughout the country put on festivals with family-oriented activities and events to entertain children. Families will enjoy sun, sand, and swimming at the seaside beaches.

Year-round cultural, historical, and natural attractions abound in Lebanon, providing an enriching educational experience for families. Parents and kids enjoy bird or turtle watching at one of the country's



numerous nature parks and reserves, camping in the mountains, or looking for unique plants and animals during a scenic hike. Museums and exhibits – such as the Planet Discovery Children’s Science Museum in Beirut, the Marie Baz Wax Museum in Deir El Qamar, or Animal Encounter in Aley are an entertaining and educational way to spend an afternoon. Older children and teenagers will appreciate the grandeur of the country’s Roman and Phoenician ruins, and a visit to these ancient monuments may spark new interest in history.

During warm summer evenings, Beirut’s downtown cafés in the beautifully restored Central District (“Solidère”) fill up with families as their children play and ride bicycles nearby in the Place d’Etoile. People of all ages can stroll, jog, bicycle, and roller blade on the Corniche.

In the winter, skiing is a popular activity for Kids and Family. Ski schools and other activities are available at Lebanon’s six ski resorts for people of all ages. Snowboarding, snowshoeing, and cross-country skiing are increasingly popular activities for young people in Lebanon. It seems that no matter where a family goes in Lebanon, from the bustling city of Beirut to a small village to a remote nature park there are fun children’s activities close at hand.

Beirut is the center of the campaign for City Life tourism. The City Life campaign focuses on getting Lebanese to take in all the city’s gastronomic delights, ambience, and leisure activities until the wee hours of the morning. Activities include shopping along the Rue Hamra, a gallery opening, drinks with friends at a new bar, dinner around 10pm, and a Lebanese espresso, before hitting a nightclub in Achrafieh around midnight.

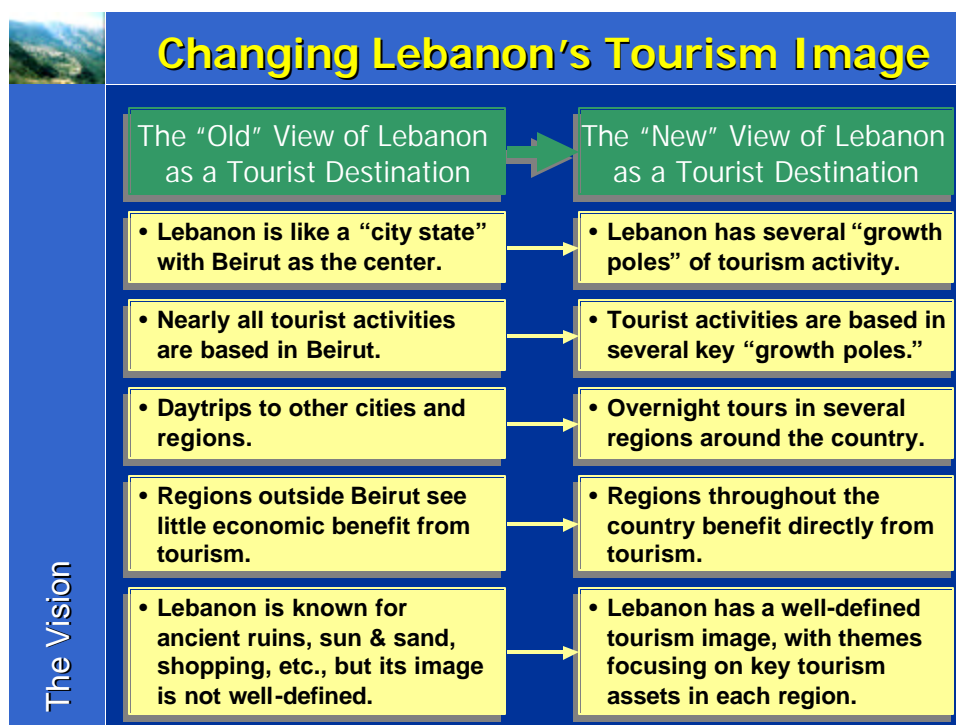
Others visiting the city can see the ruins of the Roman Baths near the Grand Serail, the Parliament building, the Al-Omari Mosque, and St. George’s Cathedral. Interesting museums include the National Museum and the American University of Beirut Archaeology Museum. Whether it’s music and theatre, galleries, shopping, or dining Beirut seems to offer it all.

The USAID tourism strategy is trying to increase employment and income opportunities for people; the project aims to increase the quality of life and living standards in Lebanon’s rural areas. Other tourism development activities that are seen as necessary to the success of Lebanon’s tourism are being sponsored. These activities include hospitality training for hotel and restaurant workers in rural areas provided by the Educational Institute of the American Hotel and Lodging Association (AHLA-EI); entrepreneurial training for those interested in starting small tourism-related businesses; marketing of Lebanon as a tourist destination overseas; and developing itineraries and packages that take visitors off the beaten path to discover new opportunities for outdoor adventure, historical and cultural tourism, and ecotourism.

IV. SUMMARY AND ASSESSMENT

The outlook for Lebanon’s tourism sector is positive. The consistent increase in the number of tourists indicates that Lebanon could regain some of its former glory as the summer vacation spot of Gulf Arabs. However, the recent assassination of Rafiq al-Hariri has some concerned over the possible resurgence of violence. The Government of Lebanon (GOL) also appears intent on wooing back European tourists as well. The government has been promoting Lebanon at tourism conferences and shows in Europe this year. Beirut’s hotels also are increasingly promoting themselves as year-round conference destinations, highlighting the successful Arab League and Francophone summits. Exhibit 34 shows how the government, USAID and SRI International are trying to reposition the country as a tourism destination.

Exhibit 35: Tourism Repositioning of Lebanon



Source: SRI International

However, in order for Lebanon to truly grow as a tourist destination, workforce training and entrepreneurial support are necessary. For workers there is a need to establish a committee to address training issues. Short course need to be designed and offered to train existing workers and to expand tourism opportunities in rural regions. For entrepreneurs training focus on how to start a business, refurbishing historical properties, business management, pricing, marketing, customer service and complying with minimum international standards for hygiene, sanitation, comfort are necessary to foster growth.

In terms of infrastructure, the government realizes that in order to compete for European tourists it needs to:

- Improve the public transportation systemDevelop a system of uniform signsImprove roadsImprove sidewalks, trails, and footpaths in and around villagesRemove safety impediments (clear landmines, etc.)Expand the IT Infrastructure.

The country also realizes that it must partner with the key stakeholders in the tourism industry in order to make changes and improve the country's status as a tourist destination. Some of the key issues that need to be addressed are

- 1) Improved Lodging and B&B Facilities
- 2) Improved Restaurants
- 3) New Events & Festivals
- 4) Trails and Natural Attractions
- 5) Handicrafts & Artisans



- 6) Traditional Food
- 7) Better Signage
- 8) Better Marketing

The roles of the key partners have been defined (see Exhibit 35) and Lebanon seems on its way to improving its tourism product offering and capturing a bigger share of the USD 3.3 trillion tourism pie

Exhibit 36: Roles of Tourism Partners

Roles of Key Partners	
Action Plan	Hotels & Restaurants <ul style="list-style-type: none">• Attract investment to expand/improve facilities• Targeted marketing & PR activities• Work with community to develop tourism products
	Tour Operators <ul style="list-style-type: none">• Develop new & creative tour itineraries• Communicate with local communities about tourist preferences, interests, and needs
	Associations & Syndicates <ul style="list-style-type: none">• Strategic thinking & collaboration• Mobilize members & fund marketing strategies• Technical support
	NGOs <ul style="list-style-type: none">• Training & institutional development• Environmental preservation• Empowering communities
	Municipalities <ul style="list-style-type: none">• Coordinate infrastructure development with national government and tourism industry• Support development of new events & attractions
	National Government <ul style="list-style-type: none">• Infrastructure development, preservation, etc.• Invest in promotion & marketing

Source: SRI International



KEY TAKEAWAYS AND STRATEGIC RECOMMENDATIONS

General Recommendations

From our research we noticed that no tourist destination did well unless they had a tourist bureau/board in charge of operations. This tourist board is crucial to overseeing the marketing of (BiH) as a tourist destination. The BiH Tourism Board (BTB) is also essential in coordinating and managing the country's image among all stakeholders including airlines, hotels, tour operators and others involved in the tourism industry. The administration of the tourist board can be paid for in many ways, but it is usually paid for by means of a tourism tax. For example, Costa Rica applies a 19.75 percent tax on all hotel stays and that money goes directly to the Costa Rican tourist board. On the other hand, Las Vegas receives a 9 percent tax on hotel rooms, which funds the Las Vegas Convention & Visitor's Bureau. Other sources of funding could include the state budget; the Vienna Tourism Board receives most of its budget from the local accommodation tax (49 percent), city of Vienna (28 percent), Tourism Board (21 percent), and Vienna Chamber of Commerce and Industry. Developing an effective BTB is a critical step for BiH. However, it may necessary for BiH to undertake this goal in stages. BiH can begin this process by creating a coordination board with state level representatives from both entities. This coordination board would lay a foundation for a national level BTB. Initial tasks for the coordination board could include developing a mechanism to do research in areas relevant to BiH's tourism and participating in global industry organizations. BiH is a member of several international organizations and should take full advantage of the opportunities presented by such organizations.

Because tourism tax revenues are necessary to develop the tourism industry in BiH, it will be necessary to get government buy-in and support. In Lebanon, the government has stated that tourism is a "Tool for Nationwide Economic Development." An excellent way to create political support is to start by involving high-level government officials in tourism development initiatives and invite them to open some of the significant tourism-related events. These could be festivals, fairs, trade shows, hotels etc. As an example, Bulgaria has been excellent in ensuring support for major tourism initiatives at the highest possible levels of the government. All significant events were attended and opened by Ministers. In Tanzania, President Benjamin Mkapa opened the new Holiday Inn in Dar es Salaam.

The BiH Tourist Board (BTB) should look to prioritize its markets much in that way the Cyprus and Lebanon have done so as to get the maximum return on the money spent. The BTB should open offices in the highest priority markets such as Croatia, Slovenia, Germany, UK, Italy and Austria. Thus, in the initial years of marketing tourism in BiH emphasis will be put on penetrating the most lucrative markets. It will allow the BTB to target promotions to these markets and create and maintain the identity and brand of the country. In addition, having an office in each target market will allow the BiH Tourist Board to work with local airlines to offer direct flights from target markets.

BiH should continue to promote tourist spill over from Croatia and other countries in the region. This is the manner in which Turkey really began to grow its tourism industry. Turkey actually encouraged cruise liners to stop in the country during trips to Greece. However, as the tourism spill over into BiH grows, the BiH Tourist Board should look for ways to extend the tourists' stay in BiH. An immediate action step to move BiH in this direction is to be involved the various initiatives going on within the region (Balkan initiatives). Members of the coordination board, mentioned above, can include this as one of their initial activities.

In order to get itself on the global tourism map, BiH should follow the lead of Turkey, Nepal, Costa Rica and other tourist sites by conducting targeted familiarization (FAM) and media tours. This will allow travel writers and tour operators to come to BiH to see what the country has to offer. Inviting travel writers and tour operators and creating an itinerary of the best of BiH possibly during one of the major international festivals eg. Jazz Festival or Film Festival. In addition, BiH should tie these FAM tours to



road shows in the target countries, with a theme like “A night in Sarajevo” or “The Nights of Bascarsija”. Finally, the BiH Tourist Board should use Trade Shows/Fairs to generate interest and differentiate what BiH has to offer to all types of tourists.

In line with the trend that is becoming more popular in the global tourism market, BiH needs to create a strategy that will position the country as a multi-faceted tourism destination. Cyprus is trying to create an image that will focus on a diverse tourist experience that can be offered in a relatively small geographical area. In Turkey’s main tourism areas, tourists can enjoy a variety of activities within a 20 mile radius. This is how BiH should also position itself to attract the greatest number of tourists from the target niches. The target niches that BiH should focus on are

- 1) Eco Tourism
- 2) Soft Adventure
- 3) Cultural Heritage
- 4) Religious Heritage
- 5) City Breaks
- 6) MICE
- 7) Phoenix Tourism
- 8) Special Events

Much like Cyprus and Lebanon, which are trying to develop a differentiated tourism strategy that focuses on different niches, BiH should focus first on the niches in which it is currently the strongest. At this point we feel that the strongest niches are Eco Tourism/Soft Adventure and the Cultural and Religious Heritage niches. This strategy will allow BiH to begin to attract the clientele in the near future from the target countries and build tourism as a revenue source. Meanwhile, the other niches will need to be formed through the upgrading of existing infrastructure and products. For example high quality hotels and meeting rooms/convention centers will be needed to attract MICE tourism.

As with Cyprus and Lebanon, where consensus building is must, we recommend that the BTB create the framework for the strategic positioning of BiH tourism, but allow each region in the country to create its own particular (regional) vision for its tourist development, which will culminate in the offer of a special product (regional brand). The regional brand will draw upon the characteristics (eco, cultural etc) of the BTB framework, but will be focused on the strengths of each region, so that each can gradually build-up a unique identity.

In addition as part of the marketing effort the BTB need to develop an integrated website that will allow airline and hotel booking and give access to information on BiH-based tours. Further down road, the website will need to allow MICE planners’ access to meeting planners in the BTB. In Lebanon, SRI International has worked collaboratively with INMA and the Professional Computer Association (PCA), to create the DestinationLebanon website, which is a first step toward an integrated website. (<http://www.destinationlebanon.com/index.asp>)

The BTB must also partner with the key stakeholders in the tourism industry in order to make changes and improve the country’s status as a tourist destination. Some of the key stakeholders are contained in Exhibit 37.

Exhibit 37: Key Stakeholder Analysis

Stakeholder	Actions Needed
Hotels & Restaurants	<ul style="list-style-type: none">• Attract investment to expand/improve facilities



Stakeholder	Actions Needed
	<ul style="list-style-type: none"> Targeted marketing & PR activities Work with community to develop tourism products Customer service training
Tour Operators	<ul style="list-style-type: none"> Develop new & creative tour itineraries Communicate with local communities about tourist preferences, interests, and needs Customer service training
Associations & Syndicates	<ul style="list-style-type: none"> Strategic thinking & collaboration Mobilize members & fund marketing strategies Technical support
NGOs	<ul style="list-style-type: none"> Training & institutional development Environmental preservation Empowering communities
Municipalities	<ul style="list-style-type: none"> Coordinate infrastructure development with national government and tourism industry Support development of new events & attractions
National Government	<ul style="list-style-type: none"> Infrastructure development, preservation, etc., Invest in promotion & marketing

On the infrastructure side, there is considerable work to be done. Similar to Lebanon, the government must realize that in order to compete for European tourists it needs to improve the public transportation system, develop a system of uniform signs, improve the roads so as to facilitate ease of travel to tourist sites, improve sidewalks, trails and footpaths in nature areas and remove safety impediments (clear landmines) and expand the IT infrastructure. Although BiH's IT infrastructure can still be improved, members of the tourism industry need to utilize the existing infrastructure to its fullest. For example, more hotels can build websites to better market their businesses, as BiH has the technical expertise to support this need. In addition, in order to attract higher-spending tourists there is a need to improve quality, selection and standardization of hotels. BiH must implement a ratings system and given the focus on eco tourism and cultural heritage tourism there will be a need for more beds in the 3 to 5 star hotels and mixed-use destination resorts. As such, BiH may want to offer tax incentives and holidays to private business to build up sectors of the tourism offering

Finally, workforce training and entrepreneurial support are necessary. For workers, short courses need to be designed and offered to train existing workers and to expand tourism opportunities in rural regions. For entrepreneurs, training focused on how to start a business, refurbishing historical properties, business management, pricing, marketing, customer service and complying with international standards for hygiene, sanitation, comfort are necessary to foster growth. There is a USAID project in Lebanon that is currently providing these services.

Ecotourism/Soft Adventure Recommendations

BiH is perhaps best positioned to capitalize on the eco-tourism and soft adventure trend. We have combined ecotourism and soft adventure because the target markets and dynamics are similar. Costa Rica and Nepal have shown us that for environment-related tourism to succeed, action must be taken to protect and promote the environment. Costa Rica has created a sustainable tourism certification for businesses where public and private organizations are involved in defining the scope of work, recommending actions, helping implement the actions, and promoting the whole process to the country. On the other hand, Nepal has set up 18 Sustainable Tourism Networks (STN) for promoting and conducting ecotourism. Due to these STNs, Nepal has been able to receive funding for various projects from organization such as the Ecotourism in Protected Areas Network (ETPAN). Thus, BiH should work to create a sustainable tourism certificate program. In addition to the programs mentioned above, BiH can



also work with organization such as the World Bank, WWF, IMF etc. for infrastructure development focused on ecotourism. According to the Nepal Tourist Board, monies have been used to set up tourism industry training institutes to educate those in tourism about sustainability and how to manage effective ecotourism sites.

In addition, to the certifications for sustainable tourism, Costa Rica mentioned it is necessary to train and certify tour operators engaging in all types of eco and adventure activities so that they are up to international standards. This may mean bringing in qualified trainers from other countries to administer the certification but it will bring credibility as well as safety to the businesses. Costa Rica has several training and outdoor certification schools for river rafting and nature guiding. These schools are targeted for the local people and are highly sought after.

Cyprus Tourism stated that there is a need to develop better the nature tourism infrastructure such as creating nature trails, routes, environmental centers, cycling routes, camping sites and protecting the local flora and fauna. On the adventure side the Cyprus Tourism Organization undertaking new infrastructure projects such as marinas, parks, camping and excursion sites, nature trails, sports facilities and tourist pavilions

One aspect of eco tourism and adventure tourism is that it can be a big benefit to the rural economy. The BTB should facilitate programs in the rural hotels and eco lodges that will introduce guests to local cooking and cultural programs. These programs will create jobs in the local community. In Costa Rica and Nepal this has empowered the local communities and created pride in their culture. It has even led to full-time employment with the hotels. Many Costa Rican hotels use this model to create a relationship with the local communities.

As far as Winter sports, many people remember Sarajevo's role in hosting the 1984 Winter Olympics. However, it seems that the winter sport facilities need to be renovated and upgraded to meet international standards.

Finally, BiH should work with magazines (National Geographic, Smithsonian) to get feature articles on cultural and eco sites in the area. In addition, the BTB should organize an international event such as a survival camp, the Discover Channel's Eco Challenge or a whitewater rodeo, to tour the rivers and rapids of BiH. By sponsoring such an event and inviting some of the major players in the eco/adventure tourism industry, they will be able to experience what BiH has to offer.

Cultural Historical Recommendations

Cultural tourism and religious tourism sites are numerous in BiH. In some instances these sites are found in the countryside and can be tied with ecotourism. Like Cyprus, BiH should concentrate its efforts on promoting sites of natural beauty and historical importance. BiH should look at the possibilities of developing and improving cultural routes. Other proposed enhancements could include the construction of new museums, information centers and the organization of workshops, and events like International Festivals. BiH should also use artistic, cultural and folklore events to tie in with the archeological sites and history of the country.

Other cultural events take place in the cities and may be promoted in conjunction with city breaks and/or MICE tourism. The City of Vienna, which is known for its cultural attractions, stated that innovation is important for keeping a place on the cultural tourism map. For example linking traditional offers to creative industries such as media and entertainment, design, architecture can offer an advantage. Vienna had made a lot of effort to change its perception as a traditional cultural destination to one that combines traditional and contemporary (lively, lifestyle, etc) culture. The city is focusing on combining heritage and art tourism with lifestyle and creative industries.



Although the most important cultural activity in the cities is visiting museums, we believe that large cultural events and festivals can be used for attracting first time and repeat visitors. Thus, the Sarajevo Film festival, Jazz festival, Sarajevska Zima, and other events should be used to attract and promote tourism in the country. To effectively use events as a promotional vehicle, event organizers must coordinate among each other to ensure that the timing of each event maximizes BiH's industry potential as a whole. In addition, BiH should use star power to promote the festivals and BiH tourism. Personalities *U2's Bono* (who is known to visit Sarajevo regularly) could be attracted to promote BiH. The marketing for the events should send a message about the revival of the cultural spirit of Sarajevo and should aim at establishing the city as the cultural capital of the Balkans.

This is an important tourism niche as cultural visitors tend to have expendable income and cultural tourism is to grow significantly in the next 10 to 15 years.

City Breaks Recommendations

City breaks tourism has a similar dynamic to cultural tourism and MICE tourism. One of the key requirements for city breaks tourism area is accessibility. For example, Vienna's accessibility from other European cities has been an advantage. Thus, city breaks tourism tends to rely on local domestic tourists as well as tourists from other countries in the Balkans. For Sarajevo to become a top destination for city breaks tourism, there is a need to build up the infrastructure. The city will need to offer nice hotels, cultural events, day spas, fitness activities and restaurants. We believe that Sarajevo has the most potential as a city break location, but Mostar and Banja Luka also have potential.

In order to promote city breaks tourism, cities should contact tour operators that provide tour packages in neighboring countries – specifically Croatia, Slovenia and Montenegro and should work with them to increase the number of packages that include visits to BiH cities. These packages should include stays in BiH that are longer than one day. For example in Sofia (Bulgaria) many foreign tourists come to the city because it is included in city break packages offered by tour operators in Bulgaria and neighboring countries.

There are important links between city tourism and cultural tourism. Although city tourists do not consider themselves as cultural tourists, they engage in a lot of cultural activities while visiting a city. In a recent survey conducted on city cultural tourism in Europe by the ETC, the findings were as follows:

- 1) Culture is the single most important motivation for city trips, although few visitors consider themselves to be cultural tourists
- 2) Sightseeing usually involves visiting cultural attractions and the most important reason to do so is to learn about history and enjoy the atmosphere
- 3) Family and Friends were the most used source of information for booking the trip, followed by the Internet and guidebooks.
- 4) Natural environment is considered an important motivator
- 5) Culture and historic towns and monuments were the most important attractions visited on holiday.
- 6) Smaller countries in Central and Eastern Europe tend to be visited primarily for cultural reasons
- 7) City cultural tourists tend to travel by air and tend to stay in hotels
- 8) Although the established "cultural capitals" dominate city cultural tourism there is evidence of trends towards more trips to smaller destinations and new regions of Europe
- 9) There is expected growth for European city cultural tourism from Asia. Vienna has noted this trend and has been promoting itself in Asia.

A survey recently done by the Vienna Tourist Board in 13 of its main markets supports most if not all of the above:



- 80 percent of the tourists visited museums and exhibitions
- 89 percent visited restaurants
- 87 percent visited coffee houses
- 84 percent shopped while in Vienna
- 76 percent strolled around the city to see architecture
- 71 percent visited Vienna's main sites
- 42 percent visited discothèques and other similar night life entertainment
- 34 percent were particularly interested in the landscape
- 29 percent attended a classical music event. It is believed that this number is particularly low because such events require more organization such as making reservations

Thus, the BTB when promoting city breaks should look to promote cultural events and sites to capture a larger percentage of the market.

MICE Recommendations

MICE tourism is one, if not the most lucrative type of tourism. However, the ability to capture MICE tourists requires substantial investments in infrastructure and manpower. As such, it may be a type of tourism that BiH addresses down the road. Alternatively, BiH can develop its MICE in stages; this may include targeting its domestic and regional tourism before embarking on attracting international MICE tourists.

For BiH, it may not be prudent to initially focus on MIC as exhibitions require large convention centers and big capital investments. If the BTB wants to play in the MIC space it will need to form a dedicated team of meeting planners to develop personal relationships with private meeting planners and corporations. For example, sales executives at the Las Vegas Convention & Visitors Bureau are responsible for maintaining specific geographic regions. These meeting planners are necessary as private meeting planners and corporations need substantial handholding to feel comfortable with booking their event in a city, especially one that does not have a reputation as a MICE destination. Many MICE destinations actually open offices in target markets in order to work with companies and government organizations on MICE events.

In addition, the BTB should join the International Association of Conventions and Visitors Bureaus (IACVB). The IACVB has the premier convention and meetings worldwide database. It is a unique collaboration of over 150 CVBs and contains profiles on over 27,000 meetings from 14,000+ organizations, including detailed information on meetings held in their cities. This will allow the BTB to build a database of key meeting planners and corporations.

Drivers of MICE tourism will also need to be addressed by the BTB. There is a need for both daytime and nighttime activities for MICE visitors and their guests. Therefore, coordination among the different industry players is necessary for BiH to be successful in this type of tourism. According to meeting planners, this is why Las Vegas and Barcelona are as popular as a MICE destination because they always have activities for the guests. Other necessities are 5-star hotels and a good assortment of high quality restaurants. Direct flights from the MICE target market are essential to making the destination convenient.

Sofia, Bulgaria has had some success in MICE tourism. Primarily the city has been successful in hosting regional trade events/fairs as a way to attract business travelers and media attention. Hosting these events in Bulgaria has brought many foreigners to Sofia, especially from neighboring countries. Serbia and



Macedonia have also hosted events and fairs with regional significance. Visitors are usually provided opportunities for short trips to attractions and sites, which further builds awareness on the assets of the country.

Domestic Tourism Recommendations

Finally, most countries realize that the development and promotion of domestic tourism is necessary to have a viable tourism industry. Domestic tourism will contribute positively towards the improvement of hotel occupancy rates and the strengthening of the local economies. In addition, domestic tourism enables the locals to become acquainted with their culture and civilization. In fact Cyprus, Lebanon and Vienna feel that the promotion of domestic tourism is essential to the success of the tourism industry.

As such, these locations are both planning to increase and intensify their efforts towards the promotion of domestic tourism through advertising and promotional activities. Cyprus and Lebanon's efforts will focus on getting locals to take short breaks and trips during times when international tourist arrivals are low. These promotions in Lebanon are focusing on 2-3 day trips for families.

In addition, almost all countries in the Balkans such as Slovenia, Croatia, Bulgaria, and Czech Republic have a campaign to encourage domestic travel. They have all identified the potential for short-trips on domestic level and are developing special packages for domestic tourists. BiH can begin by identifying opportunities of local tourists to enjoy in country and regionally.

Conclusions

It is clear that BiH has potential for growth as a tourist destination. However, it is equally evident that the industry will not develop without government support and the establishment of a tourist board to coordinate the marketing activities. Thus, the creation of the BiH Tourist Board (BTB) is a key step in developing the tourism industry. The BTB should then focus its efforts on enlisting government support and attracting investment from the government in the form of a sales tax and solicit funding from NGOs and multilateral investment agencies.

As far as the tourism products, BiH is already well positioned to participate in the eco-tourism and soft adventure category. However, the country lacks a supply of tour operators. That being said, training programs are necessary to teach employees about the tourism industry and develop a service mentality. In addition, there need to be programs to assist and train entrepreneurs so that they can begin to participate in the tourism industry. However, BiH is uniquely positioned as a location **Where East meets West**. This may be a good tag line and it is a great selling point that has the potential to attract many interested tourists from both the West and the East. If the government is committed to developing tourism in the country, like Lebanon, tourism will be seen in BiH as key tool for nationwide economic development.